**Pre-Hurricane Consumer Stockpiling and Post-Hurricane Product Availability:**

**Empirical Evidence from Natural Experiments**

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The provision of essential supplies is a key service provided by retailers when demand spikes due to consumer stockpiling during environmental emergencies. Moreover, it is important for retailers to quickly recover from these events by replenishing the stock of essential supplies to meet the continuing needs of local residents. The main purpose of this research is to study consumer precautionary stockpiling behavior prior to the onset of hurricane landfalls and determine the impact of this behavior on in-store product availability for various formats of retail store outlets. Specifically, we focus on the bottled water product category, an essential emergency category in hurricane preparedness. This study combines an event analysis methodology with econometric models using archival retail scanner data from 60 U.S. retail chains located in 963 counties and real-time data from four recent U.S. continental hurricanes. We find that supply-side characteristics (retail network and product variety), demand-side characteristics (hurricane experience and household income), and disaster characteristics (hazard proximity and hazard intensity) significantly affect consumer stockpiling propensity as the hurricanes approach. The increased consumer stockpiling has immediate and longer-term impacts on retail operations, namely, in-store product availability. Among various retail formats, drug stores are associated with the highest consumer stockpiling propensity before hurricanes, while dollar stores and discount stores are associated with the lowest in-store product availability following hurricanes. Our study points to the need for retailers and policymakers to carefully monitor factors affecting consumer stockpiling behavior that will allow for better allocation of critical supplies during the hurricane season.

*Key words:* product availability; consumer stockpiling; hurricane disasters; natural experiment

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# Introduction

Consumers flock to retailers in advance of forecasted emergency events, such as hurricanes and snowstorms, to obtain adequate quantities of essential supplies. Therefore, the provision of essential supplies is an important function of retailers during times of environmental emergencies (Morrice et al. 2016, Windle 2018). Target’s “Green Team” describes its preparations in advance of a hurricane: “In the days leading up to landfall, we identified the 1,500 products our guests need most, and loaded and shipped as many extra trailers of those products as possible to our stores before the storm hit… As guests stocked up, some of these items sold out, but we’re working around the clock to restock them as quickly as possible”(Target 2018).

The US governmental entity responsible for disaster relief, the Federal Emergency Management Agency (FEMA), assessed its response to a particularly devastating hurricane season in 2017, noting that, “closer partnerships with the private sector are crucial in providing commodities and support to survivors” (FEMA 2018a). FEMA (2018a) continued that it “must implement a cross-sector approach to the Agency’s planning, organizing, response and recovery operation,” stating that the new approach “should account for the capabilities of the private sector both before and during incidents.” But ensuring the availability of supplies can be difficult for retailers, such as Target, given the unpredictability of these emergencies, compounded by the potential for supply chain disruptions and consumers’ tendency to stockpile and hoard emergency provisions. In addition, retailers’ ability to resume “normal” operations following an environmental emergency may vary considerably, depending on consumer demand, the retailer’s supply chain, and the disaster’s characteristics.

The main purpose of this research is to assess retailer performance in the provision of essential supplies following a hurricane. In particular, we investigate two research questions: 1) the impact of supply-side, demand-side, and disaster characteristics on consumer stockpiling behavior prior to a hurricane event, and 2) the impact of consumer stockpiling behavior before a hurricane event on product availability after the hurricane event.

In addressing our research questions, we focus on bottled water, a representative essential good. Our study can help retailers identify consumer stockpiling propensity so that they can better predict demand and arrange to stock this essential product, given the projected path of a hurricane. Therefore, our study primarily relates to existing research on inventory pre-positioning in the path of hurricanes (Davis et al. 2013, Lodree and Taskin 2009, Lodree et al. 2012, Morrice et al. 2016, Rawls and Turnquist 2010, Taskin and Lodree 2010, 2011).[[1]](#footnote-1)

The behavior of consumers as they choose (or choose not) to stockpile supplies in anticipation of hurricanes deserves attention from retailers as they forecast consumer demand and plan their inventories. During the time lag between storm formation and storm landfall, some people will take preventive actions; however, others will disregard the potential for disastrous outcomes. Members of the former group may purchase adequate supplies or even surplus supplies as they prepare for the worst, while members of this latter group may choose not to purchase sufficient essential supplies. Thus, from the perspective of disaster operations, it is critical for retailers to identify factors that are associated with consumer stockpiling (or precautionary stockpiling) behavior.

We focus on four hurricanes with wide-ranging impacts on the Continental U.S. – Ike in 2008, Irene in 2011, Sandy in 2012, and Arthur in 2014. Specifically, we follow Gupta et al. (2016)’s guidance and carry out analysis using archival retail scanner data and real-time hurricane data. Data were collected from retail store outlets in the proximity of the hurricanes’ paths to obtain 38,418 store-event observations. Using event analysis methodology, we first define the INFLUENCE date as the day when the hurricane is at its nearest proximity to the store outlet observed. Thus, different store outlets may be associated with different INFLUENCE dates, depending on where they are situated relative to the hurricane’s path. Then, we categorize the course of a hurricane disaster into four event periods: EARLY and LATE, corresponding to the calendar week before and the calendar week after the INFLUENCE date of hurricanes, and PRE and POST, corresponding to a time period of four calendar weeks before the EARLY period and after the LATE period, respectively. We set the PRE-event period as the benchmark and then examine consumer stockpiling propensity during the EARLY event period and its relationship to in-store product availability following the hurricane events, namely the LATE and the POST event periods.

We first examine factors that are associated with consumer stockpiling (or precautionary stockpiling) at a retail outlet during the EARLY event period. From a supply-side perspective, we find that consumer stockpiling propensity is impacted by characteristics of the retailer, such as the retailer’s intra-regional store network, its inter-regional store network, and the bottled water variety offered at a given outlet. From a demand-side perspective, we show that consumer stockpiling propensity is related to factors that affect consumers’ risk perception and purchasing power, such as recent hurricane experience and household income level. From a disaster perspective, we illustrate how consumer stockpiling propensity is linked to factors that impact risk magnitude and consumer response, such as distance of a retail outlet to points of hurricane landfall, the path of the hurricane, and the intensity of storm winds.

We then show how consumer stockpiling propensity during the EARLY event period is related to in-store availability of bottled water during the LATE and POST event periods. Given the time lag between hurricane formation and landfall, retailers can pre-position inventory in potentially-affected markets (Target 2018); however, consumer stockpiling propensity may have immediate and longer-term impacts on in-store availability over the course of hurricane events. For example, we find that consumer stockpiling during the EARLY event period is negatively associated with in-store product availability during the LATE event week and the first POST event week, as the increased stockpiling depletes bottled water inventories and supply chains can be slow to recover inventory availability.

Interestingly, consumer stockpiling propensity and in-store product availability vary significantly across retail formats over the course of a hurricane. For example, drug stores provide a combination of critical products for hurricane preparedness, such as emergency kits, prescription drugs, and bottled water. They are associated with the highest consumer stockpiling propensity during the EARLY event period. Moreover, we find that retail formats with quick restoration capabilities (as measured by their fast inventory turnover and short inventory processing periods) are likely to achieve superior performance in product availability over the course of hurricane events. For instance, grocery stores and warehouse clubs have consistently higher in-store product availability during the LATE and the POST event periods. In contrast, low-cost oriented retail chains, such as discount stores and dollar stores, are associated with relatively lower in-store product availability during the LATE and the POST event periods. The results imply that store format may relate to a retailer’s strategy in disaster preparedness, such as prepositioning inventory and investing in disaster management capabilities (Kunz et al. 2014).

Both retailers and local governments have to face challenges caused by consumer stockpiling when a hurricane hits. Therefore, it is critical they understand the impacts of supply-side, demand-side, and disaster characteristics on consumer stockpiling behavior. Policymakers may be able to influence both the supply and demand for critical supplies through public announcements and advisories, thereby altering stockpiling behavior and retail prepositioning behavior. Moreover, supply chain managers should focus on the disaster-related factors, as they will be key determinants of stockpiling propensity. Specifically, we propose that collaboration among hurricane meteorologists, local, state, and federal government officials, emergency-response organizations and retail managers can allow for better allocation of essential supplies in the preparation for and response to disasters.

Our research has several contributions: First, we contribute to the macro level “architectural blueprint” of disaster management research (Gupta et al. 2016), developing empirically-grounded work in emergency operations (Pedraza-Martinez and Van Wassenhove 2016). In particular, we investigate in-store product availability in light of consumer stockpiling behavior utilizing hurricane disasters as natural experiments. Second, we triangulate our research questions with multiple data sources and research methods (Gupta et al. 2016, Pedraza-Martinez and Van Wassenhove 2016). Specifically, we combine event analysis with an econometric model using archival retail scanner data from 60 U.S. retail chains located in 963 counties and with real-time data from four recent hurricanes. Third, we disentangle factors that impact consumer stockpiling propensity by exploring supply-side characteristics (retail network and product variety), demand-side characteristics (hurricane experience and household income), and disaster characteristics (hazard proximity and hazard intensity). Fourth, we show that consumer stockpiling propensity has immediate and longer-term effects on retail operations, such as lower in-store product availability following hurricanes, with the effects varying across retail formats. Finally, our study shows the need for retailers and policymakers to carefully monitor factors affecting consumer stockpiling behavior during the hurricane season to enhance coordination when prepositioning inventory and directing disaster-relief efforts.

# Theoretical Foundations

This study investigates factors that affect consumer stockpiling behavior prior to hurricanes (step one), and the impact of stockpiling behavior on in-store product availability after hurricanes (step two). Figure 1 illustrates the theoretical model used to study these effects. To that end, we survey literature related to consumer stockpiling behavior and retail operations management in the context of environmental emergencies. We start by reviewing the theory of consumer stockpiling during natural disasters and the effects of disasters on in-store product availability (Section 2.1). We then examine factors affecting consumer stockpiling, such as supply-side, demand-side, and disaster-related characteristics (Section 2.2).

**Dependent Variable**

(First-Step)

**Independent Variables**

***EARLY***

***Disaster Period***

Consumer stockpiling propensity

***Supply-Side Characteristics***

Retail Network

Product Variety

**Dependent Variable**

(Second-Step)

***LATE & POST***

***Disaster Period***

In-Store Product Availability

***Demand-Side Characteristics***

Disaster Experience

Household Income

***Disaster Characteristics***

Hazard Proximity

Hazard Intensity

Figure 1: Theoretical Model: Pre-Hurricane Consumer Stockpiling and Post-Hurricane Product Availability

## Effects of Consumer Stockpiling on In-Store Product Availability

Consumer stockpiling for natural disasters can be viewed as an unconventional inventory accumulation activity designed to minimize loss or a perceived threat of loss. McKinnon et al. (1985) distinguish inventory accumulation activities based on two sets of criteria: 1) whether the accumulation is for profit-seeking or loss-avoidance, and 2) whether the accumulation can be viewed as conventional or unconventional. According to King and Devasagayam (2017), consumer stockpiling for natural disasters can be explained using commodity theory (Brock 1968) and prospect theory (Kahneman and Tversky 1979). Commodity theory deals with the psychological effects of scarcity (Lynn 1991), in that any commodity will increase in value due to scarcity (Brock 1968). During natural disasters, the potential scarcity of products is likely to affect consumer attitudes and behavior (Brock 1968, Lynn 1991), and thus stimulate stockpiling desirability. Prospect Theory (Kahneman and Tversky 1979) describes how people choose between alternatives that involve risk and uncertainty. The theory states that people make decisions based on the potential value of losses and gains. In the face of risk and uncertainty from pending natural disasters, consumers can be loss averse; thus, they may increase their stockpiling behavior.

Such consumer stockpiling behavior may have immediate and longer-term effects on retail operations. First, retailers may increase product availability before a hurricane strikes in anticipation of stockpiling behavior. In practice, retailers can plan inventory based on hurricane information updates while setting expectations for operational costs and service level (Davis et al. 2013, Lodree and Taskin 2009, Lodree et al. 2012, Morrice et al. 2016, Rawls and Turnquist 2010, Taskin and Lodree 2010, Taskin and Lodree 2011). However, natural disasters are difficult to accurately forecast and are beyond the control of firms (Hendricks et al. 2017, Hu et al. 2013, Kleindorfer and Saad 2005). Thus, consumer stockpiling may result in lower in-store product availability following a disaster (Cavallo et al. 2014, Hu et al. 2013, Kleindorfer and Saad 2005). Depending on supply readiness, these effects may persist for several order cycles. For example, Cavallo et al. (2014) find that it took considerable time for retailers to recover from product supply disruptions following the 2010 earthquake in Chile and the 2011 earthquake in Japan, with a significant share of products remaining out of stock after six months.

## Factors Associated with Consumer Stockpiling for Natural Disasters

We distinguish between three groups of characteristics associated with consumer stockpiling: supply-side, demand-side, and disaster characterstics.

### Supply-Side Characteristics

During hurricane disasters, consumer stockpiling may be influenced by supply-side characteristics that influence store attractiveness. Intuitively, a broad store network is likely to attract consumers due to name recognition. Hence, this network association may enhance stockpiling at individual store outlets. However, according to inventory theory (Zipkin 2000), retailers with a dense intra-regional network may carry less inventory at individual store outlets due to inventory pooling effects, thus limiting an individual store’s ability to respond to demand-side shocks as a hurricane approaches. In contrast, retailers with a dense inter-regional store network may carry more overall inventory across their store networks due to scale considerations (Cachon and Olivares 2010, Gaur et al. 2005, Rajagopalan 2013); thus, they may respond to demand-side shocks by bringing in inventory from outside the affected region (Holmes 2011, Lim et al. 2017). However, transshipment costs, such as long-distance transportation tariffs, may limit a retailer’s inclination to accommodate consumer stockpiling demand. Accordingly, we expect a retailer’s intra-regional and inter-regional store networks to affect consumer stockpiling during hurricane disasters, although the impacts are difficult to predict *a priori*.

Another supply-side characteristic is the variety of products offered at an individual outlet. Product variety plays a major role in attracting consumers as can be explained by psychology-based (Kahn 1998, McAlister and Pessemier 1982, Ren et al. 2011), stockout-based (Chen and Plambeck 2008, Gilland and Heese 2013, Honhon and Seshadri 2013, Kraiselburd et al. 2004) and budget-based (Huchzermeier et al. 2002) motivations. Increased product variety is also linked to an increase in total inventory (Zipkin 2000, Gaur et al. 2005, Rajagopalan 2013, Ton and Raman 2010), but this inventory increase is limited since retailers take substitutability of demand into consideration in stocking decisions (Gilland and Heese 2013). Therefore, we expect stockpiling to be positively associated with product variety but with a decreasing rate due to demand substitutability.

### Demand-Side Characteristics

With natural disasters, consumer stockpiling propensity may be related to demand-side characteristics that influence risk perception and purchasing power. We focus on two key characteristics: disaster experience and household income. Prior experience is likely to affect stockpiling propensity in two somewhat opposite directions. Sattler et al. (2000) point out that experience predicts hurricane disaster preparedness, supporting both the resource stress model (Hobfoll 1989) and the warning and response model (Lindell and Perry 1992). Thus, individuals with more hurricane experience tend to have higher awareness of hurricane hazards (Trumbo et al. 2011), which may stimulate consumer stockpiling propensity due to higher perceived risk. However, prior experience may have a diminishing effect on consumer stockpiling prior to disasters. Consumers with significant hurricane experience may have already stockpiled due to seasonal preparedness instead of last-minute preparedness (Beatty et al. 2018). Moreover, significant experience may adversely affect consumers’ judgment as they may become blasé about risks, resulting in lower stockpiling propensity. Overall, these mixed effects indicate that prior hurricane experience may influence consumer stockpiling behavior in a complex relationship.

A handful of studies show that hurricane preparedness is related to household income (Baker 2011, Fothergill and Peek 2004). Individuals with higher income are more capable of purchasing emergency supplies in the face of natural disaster. For example, Baker (2011) finds that a household’s hurricane preparedness in Florida is strongly related to home ownership, residence type, and household income. Fothergill and Peek (2004) conclude that the poor in the U.S. are vulnerable to natural disasters due to factors such as residence location, residence type, building construction, and social exclusion. However, individuals who belong to a higher socio-economic group with abundant resources may have a lower purchasing desirability before and during a natural disaster (Peacock et al. 2005). They are more capable of fleeing from the disaster-affected area, resulting in a discounting effect on consumer stockpiling behavior.

### Disaster Characteristics

The proximity (i.e., distance to landfall points and distance to path of hurricane) and intensity (wind speed) of the approaching hurricane may play an important factor in consumer stockpiling propensity. Recent studies have shown that proximity to a hazard and the intensity of the hazard are associated with greater risk awareness (Moffatt et al. 2003, Peacock et al. 2005). According to Prospect Theory, people associate greater psychological discomfort with risks, and the value function is steeper for greater risk due to loss aversion. The theory predicts that people may not make rational decisions and stockpile more than needed based on the potential for a disaster. Notably, hazard proximity and hazard intensity also affect consumer response. For example, storm information and forecasts are normally issued based on hazard proximity and hazard intensity, such as hurricane and tropical storm watches, warnings, advisories, and outlooks. Overall, we expect that hazard proximity and intensity positively impact consumer stockpiling behavior.

# Research Methodology

We study in-store product availability of bottled water in light of consumer stockpiling behavior during hurricane events. Below we outline the methodological steps involved.

## Data Collection

We collect data from recent continental hurricanes making landfall in the U.S. between 2008 and 2014. To compare consumer stockpiling behavior across geographic markets, we focus on hurricane events with a wide range of impacts, including Ike in 2008, Irene in 2011, Sandy in 2012, and Arthur in 2014. Figure 2 shows the storm tracks of these four hurricanes. The tracks are from the National Oceanic and Atmospheric Administration’s (NOAA’s) National Hurricane Center Atlantic Basin Best Tracks HURDAT2 database (Landsea and Franklin 2013) and the landfalls are listed in NOAA’s Tropical Cyclone Reports (Ike in Berg 2009, Irene in Avila and Cangialosi 2011, Sandy in Blake et al. 2013, and Arthur in Berg 2015). For each hurricane, we gather key parameters including landfall date and location, storm path, wind speed, and area affected.

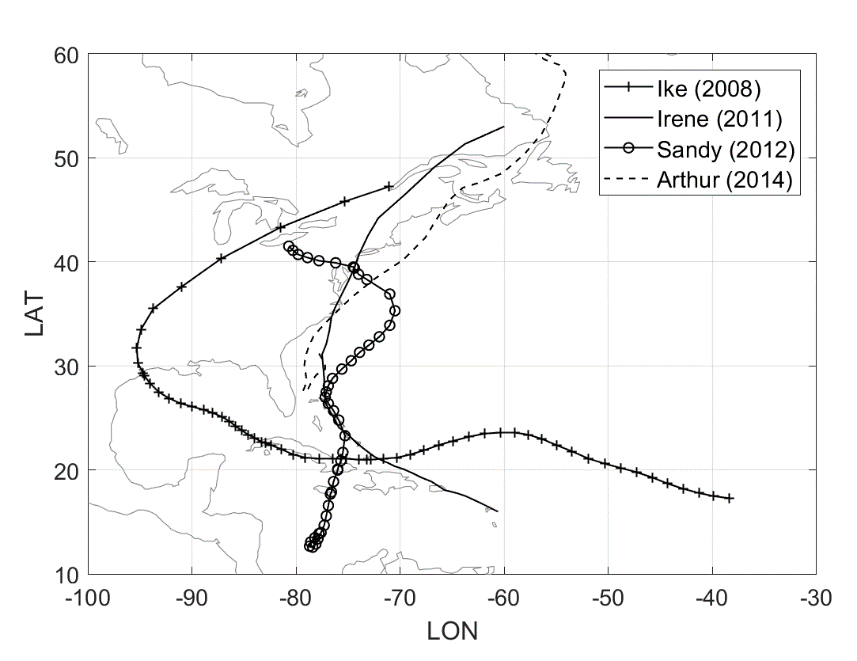


Figure 2: The storm tracks of Hurricanes Ike (2008), Irene (2011), Sandy (2012) and Arthur (2014)

We estimate consumer stockpiling propensity and in-store product availability of individual store outlets by matching hurricane event data with retail-level data. We collect retail-level information from the Nielsen Retail Scanner Data, which captures grocery sales from major retail chains across U.S. markets.[[2]](#footnote-2) The dataset consists of information on product category, sales volume, and store environment generated by point-of-sale systems from participating retail chains. Specifically, we collect data on the bottled water product category, an essential emergency category in hurricane preparedness, and we compare various formats of store outlets impacted by the four hurricanes.

## Sample Description

We match each hurricane event with the affected states and keep all store outlets within the affected states as our initial sample, generating 60,146 store-event observations. Limiting our attention to observations that are potentially affected by hurricane events, we refine our sample following cleaning approaches used in the literature, ultimately resulting in 38,418 store-event observations. The refinement steps are explained below.

**Hurricane landfall.** We first use distance to landfall to determine geographic areas affected by the sample hurricanes. Beatty et al. (2018) explored hurricane preparedness within 125 miles of landfall points, which corresponds to the “2/3 probability circle” for Atlantic Basin tropical cyclone forecasts for approximately 48 to 72 hours before expected landfall. The National Hurricane Center (NHC) issues a five-day ‘cone of uncertainty' to indicate the probable track of the center of a tropical cyclone. [[3]](#footnote-3) The radii of the cone circles are set to enclose 2/3 of the historical track forecast probabilities; namely, “2/3 probability circles”. We note that the threshold used by Beatty et al. (2018) limits the study of consumer stockpiling behavior, as it does not account for potential wide-ranging impacts due to storm path uncertainty. In practice, potentially hazardous conditions may occur inside or outside of the cone; for example, a storm surge may stretch up to 1,000 miles wide causing flood damage across a large coastal area. Therefore, to study consumer stockpiling due to forecasted hurricanes, we extend Beatty et al.’s (2018) measure and study store outlets within 1,000 miles of the expected landfall points.

**Hurricane size.** We further refine the geographic area affected by the sample hurricanes based on the size of the hurricane. The size of the NHC’s annual “cone of uncertainty” is fixed for all storms and does not vary for forecasts during the hurricane season. Moreover, the cone only contains the probable path of the storm center but does not account for the size of a specific storm. The radius of the outermost closed isobar (ROCI) is a parameter that can be used to determine the size of a specific hurricane (or more formally, tropical cyclone) (Cangialosi and Landsea 2016, Carrasco et al. 2014, Demuth et al. 2006). It is measured as the average of the radii from the center of the storm to its outermost closed isobar. The values are determined every six hours in real time, and generally delimit the outermost extent of a hurricanes’ wind circulation.[[4]](#footnote-4) These hurricane data were collected from the Extended Best Tracks (EBT) dataset by Demuth et al. (2006). We refine the boundary of the hurricane-affected area utilizing the median of ROCI for each sample hurricane event (230 miles for Ike, 345 miles for Irene, 483 miles for Sandy, and 207 miles for Arthur).

**Event clustering.** We address potential concerns over event clustering in applying the event analysis method. Event clustering may impact the independence assumption of the variables of interest (Brown and Warner 1985). As two successive hurricane events may affect the same geographic areas within a short time window, such event clustering may contaminate the variables of interest (namely, consumer stockpiling propensity and in-store product availability). For example, Ike made landfall on September 13, 2008, while Gustav made landfall 12 days prior, on September 1, 2008. Among the fourteen states affected by Ike, four states (FL, LA, TX, and AR) were also affected by Gustav. Using data from stores in the overlapping area affected by the two hurricanes can bias the estimation with respect to individual hurricane events. Thus, for hurricane Ike, we do not incorporate the four states with event-clustering concerns. In this study, Gustav was not included in our samples due to its limited-ranging impact within the continental U.S.

## Event Analysis

We use a natural experiment approach to estimate the two variables of interest: consumer stockpiling propensity before hurricane events and in-store product availability after hurricane events. To match the retail-level data with the hurricane event data, we define four hurricane event periods for each store outlet as follows based on our weekly calendar (i.e., Sunday through Saturday) of retail data availability.

A hurricane can be tracked for around two weeks from formation to dissipation. We split this event duration into two periods: an EARLY event week and a LATE event week. We identify the INFLUENCE date for each sample store outlet as the date when the hurricane track is in closest proximity to the store in the observation. The EARLY event week is a calendar week that contains at least four days before the INFLUENCE date (not including the INFLUENCE date). The LATE event week is the week after the EARLY event week. We then define a PRE event period as the four weeks preceding the EARLY event week and a POST event period as the four weeks following the LATE event week.[[5]](#footnote-5) Using the PRE event period as a benchmark, we estimate consumer stockpiling propensity during the EARLY event period and in-store product availability during the LATE and POST event periods.[[6]](#footnote-6)

Table 1 illustrates the event periods surrounding the four sample hurricane events. Given the availability of the weekly calendar retail data, the estimation of consumer stockpiling propensity requires the EARLY event week to contain most of days during the week before the INFLUENCE date.[[7]](#footnote-7) To capture variation of the INFLUENCE date during the EARLY event week, we control for the number of sales days before the INFLUENCE date during the EARLY event week in our estimations.

Note that the INFLUENCE date may either happen before or after a hurricane actually makes landfall. Landfall is the intersection of the surface [center](https://www.nhc.noaa.gov/aboutgloss.shtml#CENTER) of a hurricane with a coastline. As the strongest winds in a tropical cyclone are not located precisely at the center, it is possible for a cyclone's strongest winds to be experienced before landfall.[[8]](#footnote-8) To capture the interaction of LANDFALL date and INFLUENCE date on consumer stockpiling behavior, we control for the elapsed time between the LANDFALL and INFLUENCE dates.[[9]](#footnote-9)

Table 1: The Event Periods for the Four Hurricanes in the Sample

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Name | LANDFALL  Date | INFLUENCE  Dates | INFLUENCE  Date  minus  LANDFALL  Date  (Range) | # of Days in EARLY  prior to  INFLUENCE  Date  (Range) | PRE Period  (4 Weeks) | EARLY Period  (1 Week) | LATE Period  (1 Week) | POST Period  (4 Weeks) |
| Ike  2008 | 09/13  (Sat) | 09/12 - 09/14  (Fri - Sun) | (-1, 1) | (5, 7) | 08/10 - 09/06  (Sun - Sat) | 09/07 - 09/13  (Sun - Sat) | 09/14 - 09/20  (Sun - Sat) | 09/21 - 10/18  (Sun - Sat) |
| Irene  2011 | 08/27  (Sat) | 08/25 - 08/29  (Thu - Mon) | (-2, 2) | (4, 7) | 07/24 - 08/20  (Sun - Sat) | 08/21 - 08/27  (Sun - Sat) | 08/28 - 09/03  (Sun - Sat) | 09/04 - 10/01  (Sun - Sat) |
| Sandy  2012 | 10/29  (Mon) | 10/26 - 10/31  (Fri - Wed) | (-3, 2) | (5, 7) | 09/23 - 10/20  (Sun - Sat) | 10/21 - 10/27  (Sun - Sat) | 10/28 - 11/03  (Sun - Sat) | 11/04 - 12/01  (Sun - Sat) |
| Arthur  2014 | 07/04  (Fri) | 07/01 - 07/02  (Tue - Wed) | (-3, -2) | (7, 7) | 05/25 - 06/21  (Sun - Sat) | 06/22 -06/28  (Sun - Sat) | 06/29 - 07/05  (Sun - Sat) | 07/06 - 08/02  (Sun - Sat) |
| 07/03 - 07/05  (Thu - Sat) | (-1, 1) | (4, 6) | 06/01 - 06/28  (Sun - Sat) | 06/29 - 07/05  (Sun - Sat) | 07/06 - 07/12  (Sun - Sat) | 07/13 - 08/09  (Sun - Sat) |

## Estimation Model

We conduct our analysis in two steps. In estimating consumer stockpiling propensity during the EARLY event period, we utilize the supply-side, demand-side, and disaster characteristics as independent variables. In estimating in-store availability during the LATE and POST events periods, we treat stockpiling propensity during the EARLY event week as an endogenous variable. Accordingly, we employ two-stage least squares estimation (2SLS), thereby using the estimated values of stockpiling propensity instead of their actual values. To obtain the estimated values for consumer stockpiling propensity during the EARLY event periods, we utilize industrial water use in the county where a store outlet is located as instrumental variables, as further explained in Section 3.5.

In Equations (1) and (2), and are the dependent variables observed for individual store outlet located in county affected by hurricane event ; () is the unobserved county-invariant individual effect; () is the error term. The variables are fully defined in Section 3.5.

Step 1: Consumer Stockpiling Propensity

|  |  |
| --- | --- |
|  | |
|  | (1) |

Step 2: In-Store Product Availability (Second-Stage of 2SLS)[[10]](#footnote-10)

|  |  |
| --- | --- |
| ) | |
|  | (2) |

## Variable Definitions

**Dependent Variables**

**Consumer stockpiling propensity** ()is estimated for the EARLY event week. For each sample store outlet observation, the variable represents the ratio of the sales volume of the bottled water category during the EARLY event week to the average weekly sales volume during the four PRE event weeks. [[11]](#footnote-11) **In-store product availability** ()is estimated for the LATE event week and for each of the POST event weeks. Ideally, the measure for in-store product availability would be an inventory count of the stock-keeping units of bottled water relative to the PRE period. However, inventory counts are not publicly available to the researchers. Thus, similar to Gallino et al. (2016), we estimate in-store product availability using retail sales data. A possible measurement bias is that the number of product UPCs sold may be related to the sales volume, which we address using two methods. First, we estimate in-store product availability using a ratio-based measurement, the ratio of the number of product UPCs sold during the LATE (or each of the POST) event week(s) relative to the weekly average of the four PRE event weeks.[[12]](#footnote-12) Second, we control for sales volume changes in the estimation model, using a variable that measures the difference between the sales volume during the LATE (or each of the POST) event week(s) and the weekly average of the four PRE event weeks. [[13]](#footnote-13),[[14]](#footnote-14)

**Independent Variables**

The independent variables include supply-side, demand-side, and disaster characteristics. We focus on two supply-side characteristics: retail network and product variety. **Retail network** is defined as the number of stores within a geographic market belonging to the same retail chain as the sample store outlet (Rajagopalan 2013). For each sample store outlet, we measure intra-regional store network at the county level) and inter-regional store network at the country-level (). **Product variety** ()is defined as the number of UPCs (Universal Product Code) in the bottled water category sold by a sample store outlet over the entire calendar year of the corresponding hurricane event.[[15]](#footnote-15)

We employ two demand-side characteristics: disaster experience and household income. **Disaster experience** () counts the number of historical landfalls experienced by an affected state before a hurricane event in the past 20 years. The hurricane landfall history, recorded by NOAA, is based on the historical record of continental hurricanes making landfalls in the United States. **Household income** ()is a measure of the average household income level of the county where a sample store outlet is located. We utilize the county’s per-capita household income in the analysis, collected from the U.S. Census Bureau.

We concentrate on three disaster-related characteristics: landfall distance, track distance, and wind speed. **Landfall distance** () indicates the minimum distance from the county where a store outlet is located to landfall points. The latitude and longitude of the counties and the latitude and longitude of hurricane landfall locations are from the U.S. Census Bureau and NOAA, respectively. **Track distance** () measures the minimum distance from the county where the store outlet is located to the hurricane track. The latitude and longitude of the hurricane track are from NOAA, which tracks the hurricane every six hours from hurricane formation to dissipation. **Wind speed** ()measures the intensity of the storm wind when the hurricane is in close proximity to a sample store outlet. The wind speed information associated with each documented hurricane track location is from NOAA.

**Control Variables**

We first control for retail format and retail chain measures. **Retail format** is defined as a vector of dummy variables indicating the store format type: grocery (), warehouse clubs (), discount (), dollar (), drug (), liquor (), and convenience (). We utilize the convenience store format as the base case in our analysis. **Retail chain** ()is defined as a vector of dummy variables indicating the retail chain the store belongs to.

We also control for category volume and market competition in the bottled water category. **Category volume** is the annual sales volume of the bottled water category sold by all the stores belonging to the same chain as the sample store outlet in a geographic market—at the county level () and at the state level (VOL\_STATE). We measure **category competition** using the Herfindahl-Hirschman index (HHI) at the county-level () and state-level (). HHI is the summation of the squared market share (by sales volume) of individual stores competing in the market (Hendel and Nevo 2006).[[16]](#footnote-16)

We further capture the effects of INFLUENCE date and LANDFALL date. Given our use of weekly retail-level data, we control for the number of sales days before the INFLUENCE date during the EARLY week (), as well as for the number of days between LANDFALL and the INFLUENCE date () for each store outlet.

We also control **geodemographic features** of the county and the state where a store outlet is located. Variables include population density ( and ), land area (and ), and water area (and ). Geodemographic data is obtained from the U.S. Gazetteer Files (U.S. Census Bureau 2010, 2012, 2014).[[17]](#footnote-17)

Since inventory counts of the stock-keeping units are not publicly available, we estimate in-store product availability using retail sales data. We also control for changes in sales volume () in the estimation model, capturing the difference between the sales volume during the LATE (or each of the POST) event week(s) and the weekly average of the four PRE event weeks.

**Instrumental Variables**

Two-stage least square models (2SLS) are applied to estimate the mediation effects of consumer stockpiling propensity during the EARLY event period on product availability during the LATE and POST event periods. Thus, we need to include instrumental variables that are significantly associated with consumer behavior for bottled water during the EARLY event period, but do not impact retailer decisions on product availability during the LATE and POST event periods. The instrumental variables we deploy relate to industrial water use () in the county where a store outlet is located. Historically, the withdrawal of industrial withdrawal water is driven by access to an abundant water supply, with fresh surface water accounting for the majority of industrial withdrawals (Dieter et al. 2018). Thus, industrial water use reflects local ground and surface water resources in the county that may relate to the use of bottled water by consumers but does not directly affect retailer decisions on product availability. We conduct a series of tests, which demonstrate our instrument set is appropriate. Variables include use of ground fresh water (), ground saline water (), surface fresh water (), and surface saline water (). Industrial water use data is obtained from the U.S. Geological Survey (Estimated Use of Water in the United States County-Level Data 2010, 2015).[[18]](#footnote-18)

Table 2 illustrates the descriptive statistics. In the estimation models, we log transform the dependent variables, and . Table A1 in Appendix I presents the correlation matrix after data transformations.

Table 2: Data Description

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Variable | Unit | Mean | Std. Dev. | Min | Max |
| Dependent Variables |  |  |  |  |  |
| Consumer Stockpiling Propensity | | | | | |
|  | Ratio | 1.585 | 0.914 | 0.188 | 5.728 |
| In-Store Product Availability | | | | | |
|  | Ratio | 0.983 | 0.135 | 0.057 | 3.692 |
|  | Ratio | 0.949 | 0.125 | 0.024 | 4.000 |
|  | Ratio | 0.956 | 0.124 | 0.024 | 4.000 |
|  | Ratio | 0.951 | 0.126 | 0.048 | 4.513 |
|  | Ratio | 0.952 | 0.126 | 0.020 | 4.513 |
| Independent Variables |  |  |  |  |  |
| Supply-Side Characteristics |  |  |  |  |  |
|  | 100 Stores | 0.192 | 0.321 | 0.010 | 2.660 |
|  | 100 Stores | 38.455 | 31.708 | 0.010 | 84.840 |
|  | Number of Product UPCs | 93.869 | 65.189 | 1.000 | 340.000 |
| Demand-Side Characteristics |  |  |  |  |  |
|  | Number of Recent Landfalls | 3.503 | 5.299 | 0.000 | 14.000 |
|  | 10K Dollars | 4.647 | 1.747 | 1.710 | 15.321 |
| Disaster Characteristics |  |  |  |  |  |
|  | 100 Miles | 3.559 | 2.615 | 0.036 | 9.969 |
|  | 100 Miles | 1.709 | 1.006 | 0.029 | 4.820 |
|  | Miles Per Hour | 61.497 | 14.171 | 30.000 | 90.000 |
| Control Variables |  |  |  |  |  |
| Retail Format |  |  |  |  |  |
|  | Dummy Variable (Binary) | 0.280 | 0.449 | 0.000 | 1.000 |
|  | Dummy Variable (Binary) | 0.013 | 0.113 | 0.000 | 1.000 |
|  | Dummy Variable (Binary) | 0.076 | 0.265 | 0.000 | 1.000 |
|  | Dummy Variable (Binary) | 0.191 | 0.393 | 0.000 | 1.000 |
|  | Dummy Variable (Binary) | 0.381 | 0.486 | 0.000 | 1.000 |
|  | Dummy Variable (Binary) | 0.009 | 0.092 | 0.000 | 1.000 |
|  | Dummy Variable (Binary) | 0.050 | 0.219 | 0.000 | 1.000 |
| Retail Chain |  |  |  |  |  |
|  | 60 Dummy Variables (Binary) |  |  |  |  |
| Hurricane Influence |  |  |  |  |  |
|  | Days | 6.376 | 0.907 | 4.000 | 7.000 |
|  | Days | 0.337 | 1.284 | -3.000 | 2.000 |
| Category Competition |  |  |  |  |  |
|  | 100,000,000 OZ | 0.923 | 1.773 | 0.000 | 17.744 |
|  | 100,000,000 OZ | 9.565 | 12.329 | 0.001 | 52.037 |
|  | Herfindahl-Hirschman Index | 0.129 | 0.162 | 0.005 | 1.000 |
|  | Herfindahl-Hirschman Index | 0.006 | 0.010 | 0.001 | 0.085 |
| Geodemographic Feature |  |  |  |  |  |
|  | 100 People Per Square Miles | 33.311 | 103.409 | 0.043 | 722.531 |
|  | 100 Square Miles | 6.363 | 4.645 | 0.227 | 66.711 |
|  | 100 Square Miles | 1.288 | 2.437 | 0.000 | 27.542 |
|  | 100 People Per Square Miles | 6.276 | 9.336 | 0.244 | 375.386 |
|  | 100 Square Miles | 235.694 | 160.212 | 0.610 | 550.904 |
|  | 100 Square Miles | 33.765 | 34.517 | 0.002 | 325.393 |
| Changes in Sales Volume |  |  |  |  |  |
|  | 10,000 OZ | 1.316 | 14.194 | -352.753 | 163.935 |
|  | 10,000 OZ | -1.176 | 6.901 | -154.377 | 207.076 |
|  | 10,000 OZ | -1.620 | 8.299 | -432.665 | 93.727 |
|  | 10,000 OZ | -2.288 | 11.464 | -517.063 | 234.140 |
|  | 10,000 OZ | -1.973 | 11.600 | -525.439 | 553.752 |
| Instrumental Variables |  |  |  |  |  |
| Industrial Water Use |  |  |  |  |  |
|  | Mgal/d | 2.049 | 6.616 | 0.000 | 87.550 |
|  | Mgal/d | 0.001 | 0.061 | 0.000 | 3.800 |
|  | Mgal/d | 14.026 | 65.135 | 0.000 | 1,119.600 |
|  | Mgal/d | 0.499 | 7.393 | 0.000 | 145.730 |
| Observations | 38,418 | | | | |

# Empirical Results

We first describe the three categories of factors that influence stockpiling of bottled water – demand-side factors (related to the consumers), supply-side factors (related to the retail outlets) and hurricane characteristics. We then examine how stockpiling behavior, along with the demand, supply and hurricane characteristics, impact in-store availability of bottled water following the hurricane event.

## Consumer Stockpiling Propensity

The first research question addressed is: How do supply-side, demand-side, and disaster characteristics affect consumer stockpiling propensity during the EARLY event period? In Table 3, we set consumer stockpiling propensity during the EARLY event week as the dependent variable. Model 1.1, Model 1.2, and Model 1.3, in turn, add the supply-side, demand-side, and disaster characteristics as the focal independent variables. We utilize Model 1.4, the complete model, to describe our results. Figures 3, 4, and 5 reflect the effects of changes in the independent variables on the dependent variable (unlogged).[[19]](#footnote-19) In the three subsections, we study the impacts of supply-side, demand-side, and disaster-related characteristics on consumer stockpiling propensity.

Table 3: Estimation Results (Consumer Stockpiling Propensity)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Dependent Variable | | Model 1.1 | Model 1.2 | Model 1.3 | Model 1.4 |
| Independent Variables | | |  |  |  |
| Supply-Side Characteristics | | |  |  |  |
|  | -360.907\*\*\* (24.538) | |  |  | -240.142\*\*\* (22.048) |
|  | 60.665\*\*\* (9.493) | |  |  | 54.690\*\*\* (8.454) |
|  | 5.208\*\* (1.889) | |  |  | 30.489\*\*\* (1.680) |
|  | -0.012 (0.015) | |  |  | -0.264\*\*\* (0.014) |
|  | 1.848\*\*\* (0.308) | |  |  | 1.009\*\*\* (0.271) |
|  | -0.007\*\*\* (0.001) | |  |  | -0.004\*\*\* (0.001) |
| Demand-Side Characteristics | | |  |  |  |
|  |  | | 85.294\*\*\* (3.412) |  | -0.503 (3.390) |
|  |  | | -6.652\*\*\* (0.273) |  | 0.654\* (0.271) |
|  |  | | 215.120\*\*\* (7.654) |  | 93.358\*\*\* (7.006) |
|  |  | | -13.290\*\*\* (0.557) |  | -5.343\*\*\* (0.506) |
| Disaster Characteristics | | |  |  |  |
|  |  | |  | -151.661\*\*\* (4.741) | -152.738\*\*\* (4.788) |
|  |  | |  | 7.933\*\*\* (0.425) | 7.816\*\*\* (0.431) |
|  |  | |  | -174.498\*\*\* (9.070) | -166.996\*\*\* (9.045) |
|  |  | |  | 23.926\*\*\* (1.900) | 21.949\*\*\* (1.898) |
|  |  | |  | 22.597\*\*\* (1.259) | 23.464\*\*\* (1.304) |
|  |  | |  | -0.191\*\*\* (0.010) | -0.205\*\*\* (0.011) |
| Control Variables |  | |  |  |  |
| Retail Format |  | |  |  |  |
|  | -548.548\*\*\* (109.380) | | -432.760\*\*\* (106.804) | -346.533\*\*\* (95.401) | -198.446\* (95.916) |
|  | 223.843\*\*\* (31.807) | | 253.918\*\*\* (30.770) | 156.904\*\*\* (27.503) | 170.458\*\*\* (27.911) |
|  | -79.243 (72.900) | | -122.834\* (71.924) | 23.173 (64.257) | 133.965\* (63.928) |
|  | 282.193\*\*\* (63.479) | | 454.057\*\*\* (25.131) | 401.030\*\*\* (22.324) | -228.637\*\*\* (56.393) |
|  | 478.347\*\*\* (39.332) | | 405.356\*\*\* (38.477) | 345.657\*\*\* (34.383) | 450.413\*\*\* (34.525) |
|  | 236.486\*\*\* (59.304) | | 68.901 (57.506) | 111.381\* (51.245) | 208.720\*\*\* (52.014) |
| Retail Chain |  | |  |  |  |
|  | Included | | Included | Included | Included |
| Hurricane Influence |  | |  |  |  |
|  | 67.337\*\*\* (2.865) | | 67.131\*\*\* (2.815) | 20.341\*\*\* (3.765) | 9.789\* (3.916) |
|  | 25.426\*\*\* (2.774) | | 10.848\*\*\* (2.945) | -29.978\*\*\* (2.566) | -28.854\*\*\* (2.856) |
| Category Competition |  | |  |  |  |
|  | 2.451 (2.383) | | -26.438\*\*\* (1.997) | -8.129\*\*\* (1.796) | 4.807\* (2.093) |
|  | 5.860\*\*\* (0.370) | | 4.988\*\*\* (0.367) | 4.674\*\*\* (0.326) | 4.117\*\*\* (0.327) |
|  | -180.135\*\*\* (15.927) | | 109.918\*\*\* (16.817) | -42.010\*\* (13.495) | 22.695 (15.357) |
|  | 1,773.741\*\*\* (289.161) | | 2,236.301\*\*\* (286.575) | 2,185.494\*\*\* (255.476) | 2,206.930\*\*\* (254.474) |
| Geodemographic Feature |  | |  |  |  |
|  | 0.357\*\*\* (0.040) | | 0.506\*\*\* (0.053) | -0.426\*\*\* (0.034) | -0.052 (0.049) |
|  | -0.969\*\* (0.353) | | -1.918\*\*\* (0.355) | -2.590\*\*\* (0.313) | -3.433\*\*\* (0.315) |
|  | -4.638\*\*\* (0.617) | | -0.188 (0.632) | 1.786\*\* (0.552) | 4.581\*\*\* (0.567) |
|  | -0.854\*\*\* (0.033) | | -0.896\*\*\* (0.033) | -0.684\*\*\* (0.029) | -0.620\*\*\* (0.030) |
|  | 1.541 (1.293) | | -10.499\*\*\* (1.289) | -0.046 (1.134) | -0.534 (1.175) |
|  | 0.564\*\*\* (0.136) | | 1.679\*\*\* (0.150) | 1.117\*\*\* (0.118) | 0.652\*\*\* (0.138) |
|  | -439.324\*\*\* (33.618) | | -1082.873\*\*\* (38.890) | -70.532 (53.625) | -496.974\*\*\* (60.041) |
|  | 38,418 | | 38,418 | 38,418 | 38,418 |
|  | 185.35\*\*\* | | 204.16\*\*\* | 377.25\*\*\* | 349.87\*\*\* |

Note: The table shows estimated coefficients. Standard errors in parentheses. \* p<0.1, \*\* p<0.01, \*\*\* p<0.001.

### Supply-Side Characteristics

We first examine the linkage between intra-regional store network and consumer stockpiling propensity. For an individual store, a broader intra-regional store network may relate to more stockpiling due to store desirability (e.g., brand name recognition) or to less stockpiling due to alternate store locations (see 2.2.1). In Model 1.4, the coefficient of is significantly negative (-240.142, p<0.001) and the coefficient of is significantly positive (54.690, p<0.001). In Figure 3(a), intra-regional chain store network generally relates to decreasing (convex) consumer stockpiling. The histogram indicates 75% of the sample store outlets are associated with an intra-regional chain network of fewer than 22 stores. The convex relationship indicates a 4% decrease in per-store consumer stockpiling propensity as the county-level store network increases from 4 stores (25th percentile) to 22 stores (75th percentile).

Next, we explore the linkage between inter-regional store network and consumer stockpiling propensity. For an individual store, a broader inter-regional store network may accommodate more stockpiling due to inventory availability at the network given transshipment possibilities from outside the hazard-affected area. In Model 1.4, at the country level, the coefficient of is significantly positive (30.489, p<0.001) and the coefficient of is significantly negative (-0.264, p<0.001). In Figure 3(b), inter-regional chain store network generally relates to increasing (concave) consumer stockpiling. The histogram demonstrates three groups of retail chains based on the size of the inter-regional store network, 1-2000 stores, 3000-4500 stores, and 6000-8000 stores. Among the 60 retail chains in our sample, those with an inter-regional store network of 6000-8000 stores are associated with high consumer stockpiling propensity. For example, as the country-level store network increases from 592 stores (25th percentile) to 7,308 stores (75th percentile), consumer stockpiling propensity increases by 108%.

Next, we investigate the linkage between product variety and consumer stockpiling propensity. For an individual store outlet, product variety is positively associated with inventory availability but with a diminishing effect due, perhaps, to the substitutability of demand. In Model 1.4, the coefficient of is significantly positive (1.009, p<0.001) and the coefficient is significantly negative (-0.004, p<0.001). Figure 3(c) implies a concave relationship, with stockpiling propensity reaching a maximum at 126 UPCs. For example, as the number of product UPCs carried by a store outlet increases from 44 UPCs (25th percentile) to 140 UPCs (75th percentile), consumer stockpiling propensity increases by 3%.

|  |  |  |
| --- | --- | --- |
| 1. Intra-Regional Network | 1. Inter-Regional Network | 1. Product Variety |
|  |  |  |

Figure 3: Supply-Side Characteristics and Consumer Stockpiling Propensity[[20]](#footnote-20)

### Demand-Side Characteristics

We first explore the relationship between recent hurricane experience and consumer stockpiling propensity. Individuals with more hurricane experience may stockpile greater amounts due to higher perceived risk, or stockpile less due to seasonal preparedness or psychological inoculation. In Model 1.4, the coefficient of is negative and insignificant (-0.503, p>0.1) and the coefficient of is postive and significant (0.654, p<0.1). In Figure 4(a), the results demonstrate an increasing convex relationship, with stockpiling reaching a maximum at 14 landfalls. We note that among the 25 sample states, Florida and North Carolina are the only two states that experienced over 10 landfalls during the past 20 years, while the remaining states experienced only up to 2 landfalls. Consumer stockpiling propensity at an experience level of 10 landfalls (75th percentile) is 6% higher than stockpiling propensity at 0 landfalls (25th percentile). Overall, high-risk perception due to recent hurricane experience appears to guide consumers in increasing their stockpiling behaviors.

Next, we investigate the relationship between household income levels and consumer stockpiling propensity. Consumers with a high-income level may stockpile more due to high purchasing power or stockpile less due to greater ability to vacate the hurricane zone. In Model 1.4, the coefficient of is positive and significant (93.358, p<0.001) and the coefficient of is negative and significant (-5.343, p<0.001). As shown in Figure 4(b), the results imply a concave relationship reaching a maximum stockpiling propensity at a value of $87,365, with only four jurisdictions of the 963 counties (or separately incorporated cities) lying to the right of this point (i.e., having a per capita income over $87,365). Thus, our analysis reveals a predominantly increasing concave relationship between household income and stockpiling propensity, with consumer stockpiling propensity increasing by 9% as household income increases from $36,400 (25th percentile) to $50,500 (75th percentile). Generally, purchasing power plays a positive role in affecting consumer stockpiling propensity, but with a diminishing impact.

|  |  |
| --- | --- |
| 1. Recent Hurricane Experience | 1. Household Income Level |
|  |  |

Figure 4: Demand-Side Characteristics and Consumer Stockpiling Propensity[[21]](#footnote-21),[[22]](#footnote-22)

### Disaster Characteristics

We first examine the relationship between hazard proximity and consumer stockpiling propensity. In Model 1.4, the coefficient of is negative and significant (-152.738, p<0.001) and the coefficient of is positive and significant (7.816, p<0.001). In Figure 5(a), the results indicate a convex relationship, with stockpiling propensity reaching the lowest value at about 1000 miles.[[23]](#footnote-23) Thus, when the distance to landfall points increases from 151 miles (25th percentile) to 508 miles (75th percentile), consumer stockpiling propensity decreases by 25%. Moreover, the coefficient of is negative and significant (-166.996, p<0.001) and the coefficient of is positive and significant (21.949, p<0.001). In Figure 5(b), the results demonstrate a convex relationship, with stockpiling reaching a minimum at 482 miles. Our results show that as the distance to hurricane track increases from 92 miles (25th) to 233 miles (75th), consumer stockpiling propensity decreases by 11%.

Next, we investigate the relationship between hazard intensity and consumer stockpiling propensity. The wind associated with hurricanes is one of the main causes of damage and loss of life. The coefficient of is positive and significant (23.464, p<0.001) and the coefficient of is negative and significant (-0.205, p<0.001). In Figure 5(c), the results indicate a concave relationship, with stockpiling reaching a maximum at 57 miles per hour winds and then declining as winds approach 90 miles per hour or higher. Therefore, from the perspective of hurricane development, the results imply that greater stockpiling behavior is tied to moderate wind-speed storms. For low-speed winds, households may not feel the need to stockpile. For very high wind speeds, individuals may feel it unwise to venture outside their homes, even to purchase necessities. With severe wind storms, there may be even lower stockpiling behavior since individuals have already vacated the impacted area.

|  |  |  |
| --- | --- | --- |
| 1. Distance to Hurricane Landfall | 1. Distance to Hurricane Track | 1. Intensity of Storm Wind |
|  |  |  |

Figure 5: Disaster Characteristics and Consumer Stockpiling Propensity

## In-Store Product Availability

From a managerial perspective, we have the following research question: How does consumer stockpiling propensity during the EARLY event period influence product availability during the LATE and the POST event periods? Two-stage least square models (2SLS) are applied to estimate the mediation effects of consumer stockpiling propensity during the EARLY event period on product availability during the LATE and POST event periods. Recall both consumer stockpiling propensity and in-store product availability are measured at the store level. In Table 4, we present the second-stage estimation results. We set product availability during the LATE and POST event periods as dependent variables, while incorporating the estimated consumer stockpiling propensity during the EARLY event period estimated from the first-stage regression analysis. In Table A2 in the Appendix, we illustrate the first-stage estimation results including the instrumental variables.

In Table 4, we show that consumer stockpiling propensity during the EARLY event period is negatively and significantly related to product availability during the LATE event week (-0.116, p<0.001) and the first (-0.088, p<0.001) POST event week, but not second (-0.028, p>0.1), third POST week (-0.006, p>0.1), or fourth POST event week (-0.029, p>0.1).[[24]](#footnote-24),[[25]](#footnote-25) Figure 6 illustrates the coefficients of for Models 2.1-2.5, representing dynamic changes in the effects of stockpiling propensity on product availability over the LATE and POST event periods.

The results demonstrate that consumer stockpiling propensity has immediate and longer-term effects on managerial stocking decisions and in-store product availability over hurricane event periods. Compared with unpredictable disasters, such as an earthquake, hurricane landfalls are largely determined by weather patterns in place as a hurricane approaches. During the time lag between hurricane formation and landfall, retailers can use weather forecasting information to plan inventory needs and accelerate inventory supply (Target 2018). However, increased consumer stockpiling propensity may lead to lower product availability following hurricanes, specifically, during the weeks defined as the LATE event week and the first POST event period in this study. The effects gradually dissipate over time. Indeed, as can be observed from Table 4, the absolute values of the coefficients of the estimated stockpiling propensity decrease as the elapsed time since the hurricane landfall increases. Further discussion of the results and relation to store formats is provided in Section 5.

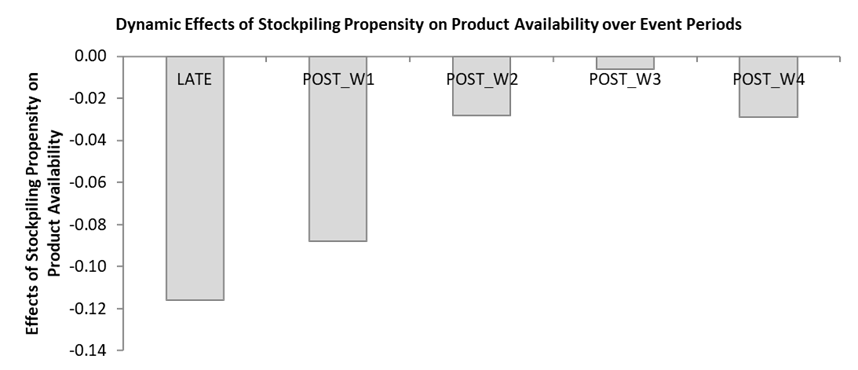


Figure 6: Stockpiling Propensity and Product Availability over Event Periods

Table 4: Estimation Results (Second-Stage of 2SLS: In-Store Product Availability)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Dependent Variable | Model 2.1  LATE Week | Model 2.2  POST Week 1 | Model 2.3  POST Week 2 | Model 2.4  POST Week 3 | Model 2.5  POST Week 4 |
|  | *-0.116\*\*\* (0.031)* | *-0.088\*\* (0.029)* | *-0.028 (0.029)* | *-0.006 (0.030)* | *-0.029 (0.030)* |
| Independent Variables |  |  |  |  |  |
| Supply-Side Characteristics |  |  |  |  |  |
|  | -12.566 (11.408) | 15.496 (10.994) | 34.510\*\* (10.824) | 12.427 (11.174) | -7.273 (11.170) |
|  | 3.104 (3.759) | -3.986 (3.597) | -9.094\* (3.541) | 0.474 (3.639) | 8.506\* (3.656) |
|  | 15.730\*\*\* (1.161) | 10.375\*\*\* (1.103) | 8.885\*\*\* (1.101) | 2.211\* (1.118) | 6.343\*\*\* (1.117) |
|  | -0.107\*\*\* (0.010) | -0.090\*\*\* (0.009) | -0.078\*\*\* (0.009) | -0.024\* (0.009) | -0.048\*\*\* (0.009) |
|  | -0.248\* (0.112) | 0.442\*\*\* (0.108) | 0.247\* (0.107) | 0.482\*\*\* (0.110) | 0.025 (0.109) |
|  | 0.000 (0.000) | -0.001\*\*\* (0.000) | -0.001\* (0.000) | -0.001\*\* (0.000) | 0.000 (0.000) |
| Demand-Side Characteristics |  |  |  |  |  |
|  | -7.576\*\*\* (1.355) | 11.934\*\*\* (1.289) | 4.476\*\*\* (1.270) | -0.497 (1.302) | 2.661\* (1.310) |
|  | 0.397\*\*\* (0.111) | -0.931\*\*\* (0.105) | -0.317\*\* (0.104) | 0.074 (0.106) | -0.094 (0.107) |
|  | 18.153\*\*\* (4.031) | 16.939\*\*\* (3.796) | 13.890\*\*\* (3.723) | 17.062\*\*\* (3.824) | 20.625\*\*\* (3.845) |
|  | -1.256\*\*\* (0.261) | -1.215\*\*\* (0.246) | -0.901\*\*\* (0.243) | -1.114\*\*\* (0.249) | -1.265\*\*\* (0.250) |
| Disaster Characteristics |  |  |  |  |  |
|  | 2.939 (5.033) | 0.369 (4.864) | 14.336\*\* (4.727) | 12.404\* (4.963) | 4.495 (4.979) |
|  | -1.028\*\*\* (0.292) | -0.048 (0.284) | -1.458\*\*\* (0.275) | -1.176\*\*\* (0.290) | -0.985\*\*\* (0.291) |
|  | 12.807\* (6.299) | -8.902 (6.070) | -0.693 (6.018) | -14.313\* (6.106) | -8.737 (6.165) |
|  | -4.635\*\*\* (1.012) | 0.944 (0.982) | -1.906\* (0.972) | 2.059\* (0.989) | 1.038 (0.996) |
|  | 0.966 (0.892) | -1.397 (0.855) | 0.711 (0.860) | -0.979 (0.864) | 0.465 (0.870) |
|  | -0.013\* (0.008) | 0.006 (0.007) | -0.011 (0.007) | 0.005 (0.007) | -0.010 (0.007) |
| Control Variables |  |  |  |  |  |
| Retail Format |  |  |  |  |  |
|  | 133.674\*\*\* (39.021) | 36.029 (36.721) | 77.892\* (36.176) | 41.447 (37.104) | 61.868\* (37.366) |
|  | 103.928\*\*\* (11.998) | 93.242\*\*\* (13.222) | 56.447\*\*\* (12.725) | 66.607\*\*\* (13.267) | 45.302\*\*\* (12.415) |
|  | -37.637 (25.819) | -45.366\* (24.598) | -152.341\*\*\* (24.263) | -113.224\*\*\* (24.888) | -168.339\*\*\* (25.022) |
|  | -524.727\*\*\* (23.745) | -232.649\*\*\* (22.508) | -216.296\*\*\* (22.373) | -58.077\* (22.777) | -211.452\*\*\* (22.861) |
|  | 61.770\*\* (19.549) | 51.100\*\* (18.585) | -2.268 (18.339) | -40.687\* (18.809) | -66.060\*\*\* (18.950) |
|  | 48.365\* (21.694) | 51.901\* (20.679) | -40.446\* (20.441) | -32.602 (20.965) | -81.605\*\*\* (21.054) |
| Retail Chain |  |  |  |  |  |
|  | Included | Included | Included | Included | Included |
| Hurricane Influence |  |  |  |  |  |
|  | -7.633\*\*\* (1.617) | -14.341\*\*\* (1.528) | -20.549\*\*\* (1.488) | -11.369\*\*\* (1.537) | -17.135\*\*\* (1.544) |
|  | -2.254 (1.463) | -9.597\*\*\* (1.369) | -4.462\*\*\* (1.323) | -3.978\*\* (1.385) | -6.811\*\*\* (1.398) |
| Category Competition |  |  |  |  |  |
|  | 1.584\* (0.845) | -0.780 (0.815) | -0.906 (0.800) | -0.785 (0.822) | 0.961 (0.821) |
|  | -0.325\* (0.180) | 0.097 (0.172) | -0.009 (0.169) | 0.195 (0.176) | 0.160 (0.177) |
|  | 11.476\* (6.173) | -9.440 (5.872) | -10.353\* (5.789) | -3.987 (5.934) | -18.938\*\* (5.971) |
|  | 513.681\*\*\* (122.087) | 249.763\* (116.603) | 100.891 (114.892) | 86.463 (117.902) | 217.075\* (118.501) |
| Geodemographic Feature |  |  |  |  |  |
|  | 0.064\*\* (0.020) | 0.106\*\*\* (0.019) | 0.102\*\*\* (0.019) | 0.122\*\*\* (0.019) | 0.113\*\*\* (0.019) |
|  | -0.238 (0.164) | -0.107 (0.157) | 0.056 (0.153) | 0.106 (0.157) | -0.060 (0.158) |
|  | 1.319\*\*\* (0.267) | 0.251 (0.251) | 0.256 (0.247) | 0.107 (0.255) | 0.374 (0.258) |
|  | 0.122\*\*\* (0.023) | -0.022 (0.022) | -0.026 (0.021) | 0.018 (0.022) | -0.030 (0.022) |
|  | -2.705\*\*\* (0.469) | -0.132 (0.447) | -1.072\* (0.440) | -0.051 (0.451) | -0.664 (0.454) |
|  | -0.009 (0.059) | 0.177\*\* (0.056) | 0.177\*\* (0.055) | 0.060 (0.056) | 0.108\* (0.057) |
| Changes in Sales Volume |  |  |  |  |  |
|  | 1.160\*\*\* (0.071) |  |  |  |  |
|  |  | 1.481\*\*\* (0.152) |  |  |  |
|  |  |  | 1.156\*\*\* (0.133) |  |  |
|  |  |  |  | 1.494\*\*\* (0.106) |  |
|  |  |  |  |  | 1.473\*\*\* (0.089) |
|  | 38,413 | 38,413 | 38,413 | 38,413 | 38,413 |
|  | 45.81\*\*\* | 47.11\*\*\* | 36.05\*\*\* | 31.32\*\*\* | 32.01\*\*\* |

Note: The table shows estimated coefficients. Standard errors in parentheses. \* p<0.1, \*\* p<0.01, \*\*\* p<0.001.

## Robustness Checks

As a robustness check, we apply the quantile regression technique. There is a rapidly expanding empirical quantile regression literature in economics (Koenker and Hallock 2001). Quantile regressions aim at estimating conditional median or other quantiles of the response variable as functions of observed covariates (Koenker and Bassett 1978, Koenker and Hallock 2001). Since this study involves a total of 38,418 store-event observations, we utilize simultaneous-quantile regressions for multiple classic quantiles (0.25, 0.50, and 0.75), which produce bootstrap standard errors. We illustrate the results in Table A3 in the Appendix. Qualitatively, the results are consistent with the findings reported in Table 3. However, some variations emerge; for example, we note that product variety is not significant in predicting stockpiling propensity at the higher quantiles.

As a second robustness check, we estimate in-store product availability by considering the max of the weekly number of product UPCs sold during the four PRE event weeks as the benchmark. As illustrated in Table A4 in the Appendix, consumer stockpiling propensity during the EARLY event week is significantly negatively related to product availability during the LATE event week (-0.132, p<0.001) and the first (-0.104, p<0.001) POST event week, but not second (-0.044, p>0.1), third (-0.022, p>0.1), or fourth POST event weeks (-0.045, p>0.1). The results are consistent with the primary findings in Table 4.

# Management and Policy Insights

The objective of disaster management is not profit-seeking; instead, it is reducing human suffering (Gupta et al. 2016). With this in mind, both retailers and governments need to understand the impacts of supply-side, demand-side, and disaster characteristics on consumer stockpiling behavior, as well as their potential compound effects, when pre-positioning inventory before hurricanes approach.

## Compound Effects

Table 5 illustrates the compound effects of supply-side, demand-side, and disaster characteristics on consumer stockpiling propensity. Note that individual factors (i.e., landfall distance and wind speed) may affect consumer stockpiling in different directions. To investigate the extent of compound effects, we use a two-step approach. First, for each category of factors (e.g., disaster-related), we estimate the impact of the individual factors (i.e., landfall distance, track distance, and wind speed) when they take values at the 25th percentile, 50th percentile, and 75th percentile. Second, we sort the impact of individual factors in increasing order and estimate compound effects when individual factors simultaneously have lower, middle, higher impact.

On the supply side, consumer stockpiling propensity is related to characteristics that affect a retailer’s desirability, such as the retailer’s intra-regional store network, inter-regional store network, and product variety offered at a given outlet. As shown in Table 5, with intra-country stores at the 25th percentile, and an inter-regional store network and product variety at the 75th percentile, stockpiling propensity approximately doubles, an increase of 118 percentage points, compared to what would be experienced with an inter-county network at the 75th percentile and an inter-regional network and product variety at the 25th percentile. This result is largely driven by the inter-regional store network, implying that individuals generally head to the large national chain stores to stock bottled water in advance of hurricanes.

On the demand side, consumer stockpiling propensity is linked with characteristics that influence risk perception and purchasing power, such as recent hurricane experience and per capita income. In Table 5, when the values of the two demand-side factors change from the 25th percentile to the 75th percentile; that is, from 0 landfalls and 36,400 dollars to 10 landfalls and 50,500 dollars—consumer stockpiling propensity increases by 18 percentage points. This result is driven by both hurricane experience and per capita income. Consumers with more hurricane experience and a higher-income level may stockpile more due to higher purchasing power and higher risk perception.

On the disaster side, consumer stockpiling propensity is associated with varying factors that impact risk magnitude and consumer response, such as distance to hurricane landfall, distance to the hurricane’s path, and the intensity of storm winds. As illustrated in Table 5, when the three disaster factors—distance from landfall, distance from track and wind strength—change from 508 miles, 233 miles, and 70 miles per hour, respectively, to 151 miles, 92 miles, and 50 miles per hour, there is a 55 percentage points increase in consumer stockpiling propensity. This result is primarily driven by the impacts of the two hazard-proximity factors.

Table 5: Compound Impact of Supply-Side, Demand-Side, and Disaster Characteristics[[26]](#footnote-26)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | Impact on Consumer Stockpiling Propensity | | |
| Supply-Side Characteristics |  |  |  |  |
|  | Stores (Percentile) | 22 (75th) | 9 (50th) | 4 (25th) |
|  | Impact | 95.11% | 97.91% | 99.05% |
|  | Stores (Percentile) | 592 (25th) | 3,187 (50th) | 7,308 (75th) |
|  | Impact | 118.68% | 202.09% | 226.64% |
|  | UPCs (Percentile) | 44 (25th) | 76 (50th) | 140 (75th) |
|  | Impact | 103.73% | 105.50% | 106.49% |
|  | *Compound Impact* | *117.09%* | *208.75%* | *239.06%* |
| Demand-Side Characteristics |  |  |  |  |
|  | Landfalls (Percentile) | 0 (25th) | 1 (50th) | 10 (75th) |
|  | Impact | 100.00% | 100.02% | 106.22% |
|  | 10K Dollars (Percentile) | 3.64 (25th) | 4.21 (50th) | 5.05 (75th) |
|  | Impact | 130.87% | 134.76% | 139.82% |
|  | *Compound Impact* | *130.87%* | *134.78%* | *148.52%* |
| Disaster Characteristics |  |  |  |  |
|  | Miles (Percentile) | 508 (75th) | 288 (50th) | 151 (25th) |
|  | Impact | 56.32% | 68.73% | 80.83% |
|  | Miles (Percentile) | 233 (75th) | 162 (50th) | 92 (25th) |
|  | Impact | 76.34% | 80.82% | 87.37% |
|  | Miles Per Hours (Percentile) | 70 (75th) | 65 (50th) | 50 (25th) |
|  | Impact | 189.27% | 193.29% | 193.61% |
|  | *Compound Impact* | *81.38%* | *107.37%* | *136.73 %* |

Evidently, as indicated in Table 5, the compound impact of the demand-side characteristics is not as large as for the supply-side characteristics and disaster characteristics. For a similar increase (from the 25th percentile to the 75th percentile), consumer stockpiling propensity increases by 18 percentage points, as compared with an increase of 118 percentage points in the supply-side characteristics and an increase of 55 percentage points in the disaster characteristics.

## Store Formats

Growing heterogeneity in consumer demand has led to the diversification of store formats (González-Benito et al. 2005). Consumers are influenced by store features, such as (1) product assortment, (2) pricing strategy, (3) transactional convenience, and (4) shopping experience (Messinger and Narasimhan 1997, Bustos-Reyes and Gonzalez-Benito 2008). From a demand-side perspective, the diversity of formats allows retailers to satisfy the needs of various consumer segments in different shopping situations (González-Benito et al. 2005). From a supply-side perspective, the diversity of retail formats represents a mix of operations and distribution functions to support business strategies. Therefore, store format may relate to a retailer’s disaster preparedness strategy, such as prepositioning inventory and investing in disaster management capability (Kunz et al. 2014), thus impacting consumer stockpiling propensity and in-store product availability during an environmental emergency.

During hurricane events, we expect consumer stockpiling propensity to vary among retail formats. Ranking the impacts of store formats on stockpiling propensity (utilizing Model 1.4 and setting convenience stores as the base case) we have: drug store (450.413, p<0.001), liquor store (208.720, p<0.001), warehouse club (170.458, p<0.001), discount store (133.965, p<0.1), convenience store (0, base case), grocery store (-198.446, p<0.1), dollar store (-228.637, p>0.001).[[27]](#footnote-27) Among the various store formats, drug store channel is related to the highest stockpiling propensity. This implies that drug stores may play a critical role in disaster preparedness.

Moreover, following hurricane events, we also expect that operational performance, measured by in-store product availability, to vary across retail formats. To compare product availability across the various store formats over the course of hurricane events, we transform the coefficients of store formats into z-scores for each event week (Models 2.1-2.5) to represent the degree of product availability for each store format relative to the market average. Figure 7 illustrates the effects of retail formats on in-store product availability during the LATE week and the four POST event weeks. We find that grocery stores and warehouse clubs are associated with superior performance in in-store product availability during the LATE and the POST event period. In contrast, low-price-oriented retail channels, such as discount stores and dollar stores, are related to inferior performance in in-store product availability over the LATE and the POST event period.

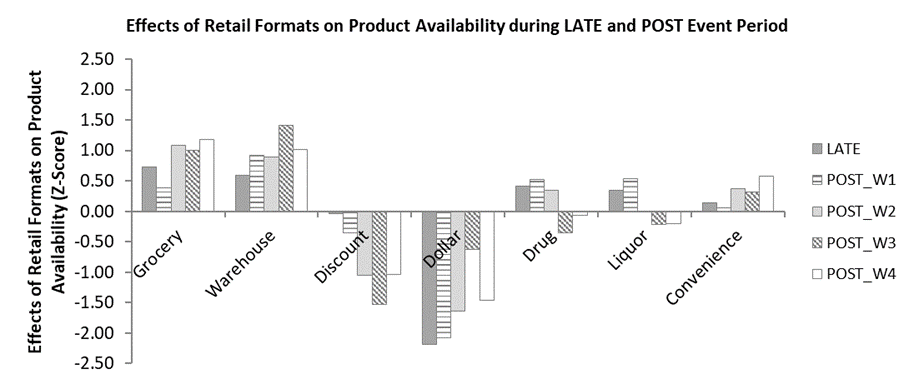


Figure 7: Retail Formats and Product Availability during LATE and POST Event Periods

Retail formats represent a mix of operations and distribution functions to support their business strategies; for example, inventory strategy varies across retail formats. Statistics by CSIMarket show that in the third quarter of 2012, the inventory turnover ratio and average inventory processing period were around 14 and 25 days, respectively, for grocery stores, such as Kroger, 12 and 32 days respectively for warehouse clubs, such as Costco, 6 and 61 days respectively for discount stores, such as Target, and 4 and 103 days respectively for dollar stores, such as Dollar Tree (CSIMarket 2012).[[28]](#footnote-28) The inventory turnover ratio and inventory planning cycle reflect, among other things, a retail chain’s restoration capability, which could partially explain why low-price-oriented channels, such as discount stores and dollar stores, show the lowest in-store product availability during the LATE and the POST event period. In general, we expect high in-store product availability following hurricanes to take place at retailers with quick recovery capability.

## Management and Policy Insights

From a managerial perspective, retailers can plan inventory based on the effect of the supply-side, demand-side, and disaster characteristics on consumers stockpiling propensity. On the supply side, retailers should pay attention to the size of their inter-regional (i.e., national) store network, as consumers have a higher propensity to shop at national retailers, perhaps due to their expected disaster preparedness capability. For example, relative to store outlets with an inter-regional store network of fewer than 600 stores, consumer stockpiling propensity nearly doubled for a retail outlet with an inter-regional store network of above 3,000 stores. On the demand side, retailers could categorize their markets by recent hurricane experience and household income level. For instance, consumers in Florida and North Carolina (over 10 landfalls) show relatively higher stockpiling propensity than those in states with less hurricane experience (0-2 landfalls). Moreover, retailers should be cognizant of the effects of household income level. Consumer stockpiling propensity for store outlets located in communities with per-capita-incomes about $50,500 are 9% higher than in those communities with per-capita incomes of about $36,400. On the disaster side, all three factors must be carefully considered when pre-positioning inventory. Although retailers are likely to pay close attention to storm track, the intensity of the winds is an important consideration in the propensity for stockpiling, with the evidence that very intense storms are likely to have less stockpiling than moderate storms.

Moreover, retailers should remain flexible when pre-positioning inventory given hurricane path uncertainties. Specifically, we suggest retailers pay close attention to disaster-related factors when pre-positioning inventory during the hurricane season. The NOAA produces a “cone of uncertainty” each time a tropical cyclone becomes a named storm. The cone contains information, such as current hurricane center position, forecast center positions, potential 1-3 day track areas, potential 4-5 day track areas, and maximum sustained winds for each forecast lead time (12, 24, 36, 48, 72, 96, and 120 hours). An important factor to consider is that the track and intensity forecast errors increase with forecast lead time (Avila and Cangialosi 2011, Berg 2009, Berg 2015, Blake et al. 2013). For example, the NHC official forecasts (OFCL) for hurricane Sandy 120 hours in advance had average track error of 148.9 nautical miles and windspeed error of 14.5 knots (Blake et al. 2013). In the days leading to potential landfall, (socially-aware) retailers could consider stockpiling propensity when positioning inventory based on the forecast cone.

Local governments should account for factors associated with consumer stockpiling behavior when assessing community risk and planning operational capacity. First, on the demand side, local governments should realize that members of low-income communities may not have the means to vacate areas in the track of hurricanes and, therefore, may need to provide essential items as hurricanes approach. On the supply side, local governments should facilitate inbound logistics networks, thus enhancing the supply of essential items to areas in hurricane tracks. This may require exceptions to highway lane reversals that may impede inbound traffic into areas in a hurricane’s path. Moreover, governments could facilitate communication channels between hurricane meteorologists and retail operation managers to help retailers better understand hurricane forecast information and accurately pre-position inventories. Lastly, governments can improve their disaster-relief capabilities by utilizing efficient supply chains in private sectors; for example, by contracting with private-sector retailers to strategically position inventory during the hurricane season; in particular, those retailers with a large inter-county network and quick restoration capabilities. Overall, civil authorities and retailers could benefit greatly from collaboration that will allow for better coordination when prepositioning inventory and directing disaster-relief efforts.

# Conclusions and Limitations

Matching demand and supply is a challenging task for retailers attempting to provide goods or services when faced with the threat of hurricanes (Pedraza-Martinez and Van Wassenhove 2016). This work disentangles a disaster management problem from the perspective of consumer stockpiling behavior and retail operations performance using hurricane disasters as a natural experiment. Specifically, we integrate critical elements in disaster preparedness: retail network and product assortment on the supply side, disaster experience and household income on the demand side, and hazard proximity and hazard intensity relating to the disaster. We show how these elements contribute to consumer stockpiling propensity, and how consumer stockpiling propensity affects in-store product availability over the course of hurricane disasters.

Our work enables retailers and policymakers to more accurately pre-position inventories and direct disaster-relief efforts during the hurricane season. In particular, this work can help professional managers in private and public sectors anticipate counties that are more likely to experience high stockpiling propensity so that they can prepare in advance of a hurricane landfall. As product availability during the EARLY event period is positively associated with product availability during the LATE and POST event periods, anticipating stockpiling by increasing EARLY period availability can pay off in the LATE and POST periods with higher availability.

We note several limitations. First, we limit our study to the bottled water category, an essential emergency item in hurricane preparedness. Future research could extend our study beyond bottled water and compare consumer stockpiling propensity for other essential items, for example, non-perishable and easy-to-prepare food, sanitation and personal hygiene items, and medication and medical items (FEMA 2018b). Second, we investigate how consumer stockpiling propensity of an individual store outlet is affected by its chain network. Future research could study the impacts of both retail store networks and distribution centers (Holmes 2008, Rajagopalan 2013). This will require access to additional data that is generally not publicly available. Third, we estimate consumer stockpiling propensity using weekly sales from the Nielsen Retail Scanner Data that captures grocery sales from major retail chains across U.S. markets. Future research could extend our study using daily sales data, which could provide more accurate estimations of consumer stockpiling behavior. Lastly, we note that the speed of information diffusion is critical to combating uncertainties and complexities in disaster relief operations (Yoo et al. 2016). Future research could use content analysis methodology studying how consumer stockpiling interacts with the diffusion of positive and negative information from social media over the course of hurricane events.

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# Appendix

Table A1: Correlation Matrix

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | Variables | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 |
| 1 |  | 1.000 |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 2 |  | -0.148 | 1.000 |  |  |  |  |  |  |  |  |  |  |  |  |
| 3 |  | -0.162 | 0.306 | 1.000 |  |  |  |  |  |  |  |  |  |  |  |
| 4 |  | -0.080 | 0.278 | 0.427 | 1.000 |  |  |  |  |  |  |  |  |  |  |
| 5 |  | -0.044 | 0.249 | 0.370 | 0.446 | 1.000 |  |  |  |  |  |  |  |  |  |
| 6 |  | 0.018 | 0.242 | 0.337 | 0.404 | 0.455 | 1.000 |  |  |  |  |  |  |  |  |
| 7 |  | -0.043 | 0.019 | 0.073 | 0.048 | 0.055 | 0.040 | 1.000 |  |  |  |  |  |  |  |
| 8 |  | 0.121 | -0.004 | -0.026 | -0.049 | -0.027 | 0.015 | 0.219 | 1.000 |  |  |  |  |  |  |
| 9 |  | -0.117 | 0.060 | 0.098 | 0.100 | 0.091 | 0.034 | 0.029 | -0.615 | 1.000 |  |  |  |  |  |
| 10 |  | -0.232 | 0.012 | 0.121 | 0.079 | 0.070 | 0.068 | 0.035 | 0.107 | -0.059 | 1.000 |  |  |  |  |
| 11 |  | 0.175 | 0.007 | -0.006 | 0.043 | 0.044 | 0.066 | 0.355 | -0.047 | 0.212 | -0.218 | 1.000 |  |  |  |
| 12 |  | -0.440 | 0.053 | 0.175 | 0.076 | 0.068 | 0.015 | 0.203 | 0.131 | -0.009 | 0.340 | -0.208 | 1.000 |  |  |
| 13 |  | -0.408 | 0.080 | 0.111 | 0.051 | 0.017 | 0.008 | -0.102 | 0.049 | -0.059 | 0.360 | -0.235 | 0.416 | 1.000 |  |
| 14 |  | 0.007 | 0.006 | 0.012 | 0.046 | 0.019 | 0.036 | -0.044 | 0.020 | 0.018 | 0.186 | 0.047 | -0.201 | 0.175 | 1.000 |

Table A2: Estimation Results (First-Stage of 2SLS: In-Store Product Availability)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Dependent Variable | Model 2.1  LATE Week | Model 2.2  POST Week 1 | Model 2.3  POST Week 2 | Model 2.4  POST Week 3 | Model 2.5  POST Week 4 |
| Independent Variables |  |  |  |  |  |
| Supply-Side Characteristics |  |  |  |  |  |
|  | -221.917\*\*\* (22.292) | -229.087\*\*\* (22.271) | -229.196\*\*\* (22.255) | -232.017\*\*\* (22.244) | -227.800\*\*\* (22.265) |
|  | 51.304\*\*\* (8.554) | 52.527\*\*\* (8.548) | 52.410\*\*\* (8.542) | 52.835\*\*\* (8.537) | 52.237\*\*\* (8.546) |
|  | 30.566\*\*\* (1.677) | 30.532\*\*\* (1.676) | 31.170\*\*\* (1.676) | 30.574\*\*\* (1.674) | 30.203\*\*\* (1.675) |
|  | -0.262\*\*\* (0.014) | -0.263\*\*\* (0.014) | -0.267\*\*\* (0.014) | -0.263\*\*\* (0.014) | -0.260\*\*\* (0.014) |
|  | 0.894\*\*\* (0.271) | 1.037\*\*\* (0.271) | 1.125\*\*\* (0.271) | 1.167\*\*\* (0.270) | 1.006\*\*\* (0.270) |
|  | -0.004\*\*\* (0.001) | -0.004\*\*\* (0.001) | -0.004\*\*\* (0.001) | -0.005\*\*\* (0.001) | -0.004\*\*\* (0.001) |
| Demand-Side Characteristics |  |  |  |  |  |
|  | -1.503 (3.410) | -1.119 (3.404) | -0.280 (3.401) | -0.355 (3.399) | -0.504 (3.403) |
|  | 0.752\*\* (0.272) | 0.749\*\* (0.272) | 0.678\* (0.272) | 0.674\* (0.271) | 0.688\* (0.272) |
|  | 87.875\*\*\* (7.006) | 86.046\*\*\* (7.000) | 85.256\*\*\* (6.996) | 85.163\*\*\* (6.992) | 84.858\*\*\* (7.001) |
|  | -4.847\*\*\* (0.508) | -4.733\*\*\* (0.507) | -4.726\*\*\* (0.507) | -4.739\*\*\* (0.507) | -4.702\*\*\* (0.507) |
| Disaster Characteristics |  |  |  |  |  |
|  | -148.750\*\*\* (4.785) | -151.753\*\*\* (4.779) | -149.518\*\*\* (4.775) | -152.984\*\*\* (4.775) | -152.102\*\*\* (4.779) |
|  | 7.514\*\*\* (0.430) | 7.762\*\*\* (0.430) | 7.578\*\*\* (0.429) | 7.885\*\*\* (0.429) | 7.815\*\*\* (0.430) |
|  | -173.753\*\*\* (9.034) | -177.136\*\*\* (9.034) | -178.940\*\*\* (9.032) | -175.433\*\*\* (9.017) | -175.873\*\*\* (9.028) |
|  | 22.945\*\*\* (1.895) | 23.951\*\*\* (1.895) | 24.191\*\*\* (1.894) | 23.694\*\*\* (1.891) | 23.671\*\*\* (1.893) |
|  | 23.045\*\*\* (1.301) | 23.342\*\*\* (1.301) | 24.102\*\*\* (1.302) | 23.265\*\*\* (1.299) | 23.242\*\*\* (1.300) |
|  | -0.200\*\*\* (0.010) | -0.202\*\*\* (0.010) | -0.208\*\*\* (0.010) | -0.202\*\*\* (0.010) | -0.202\*\*\* (0.010) |
| Control Variables |  |  |  |  |  |
| Retail Format |  |  |  |  |  |
|  | 29.558 (99.228) | 131.399 (99.167) | 143.311 (99.104) | 126.306 (98.962) | 117.351 (99.076) |
|  | 127.997\*\*\* (28.317) | 252.249\*\*\* (28.780) | 241.848\*\*\* (28.319) | 253.083\*\*\* (28.330) | 202.196\*\*\* (27.936) |
|  | 141.245\* (63.745) | 142.705\* (63.697) | 144.199\* (63.655) | 146.734\* (63.616) | 142.441\* (63.684) |
|  | -252.197\*\*\* (56.352) | -242.505\*\*\* (56.274) | -261.645\*\*\* (56.269) | -244.525\*\*\* (56.202) | -238.081\*\*\* (56.260) |
|  | 441.938\*\*\* (34.447) | 441.413\*\*\* (34.421) | 443.247\*\*\* (34.398) | 441.330\*\*\* (34.377) | 441.502\*\*\* (34.414) |
|  | 202.444\*\*\* (51.865) | 204.858\*\*\* (51.825) | 210.975\*\*\* (51.793) | 211.051\*\*\* (51.761) | 206.282\*\*\* (51.815) |
| Retail Chain |  |  |  |  |  |
|  | Included | Included | Included | Included | Included |
| Hurricane Influence |  |  |  |  |  |
|  | 14.507\*\*\* (3.926) | 13.400\*\*\* (3.910) | 10.367\*\* (3.904) | 12.427\*\* (3.901) | 12.011\*\* (3.905) |
|  | -28.430\*\*\* (2.852) | -27.196\*\*\* (2.848) | -25.605\*\*\* (2.850) | -27.189\*\*\* (2.844) | -27.383\*\*\* (2.847) |
| Category Competition |  |  |  |  |  |
|  | 4.197\* (2.090) | 6.153\*\* (2.088) | 5.639\*\* (2.085) | 5.978\*\* (2.084) | 5.005\* (2.085) |
|  | 3.900\*\*\* (0.326) | 3.946\*\*\* (0.326) | 3.895\*\*\* (0.326) | 4.020\*\*\* (0.326) | 4.018\*\*\* (0.326) |
|  | 21.006 (15.521) | 18.778 (15.507) | 18.558 (15.496) | 18.419 (15.487) | 18.491 (15.504) |
|  | 2,318.315\*\*\* (254.157) | 2,345.792\*\*\* (253.973) | 2,345.895\*\*\* (253.804) | 2,340.646\*\*\* (253.645) | 2,328.218\*\*\* (253.914) |
| Geodemographic Feature |  |  |  |  |  |
|  | -0.017 (0.050) | -0.020 (0.050) | -0.025 (0.050) | -0.009 (0.050) | -0.011 (0.050) |
|  | -3.495\*\*\* (0.314) | -3.530\*\*\* (0.314) | -3.461\*\*\* (0.313) | -3.455\*\*\* (0.313) | -3.449\*\*\* (0.314) |
|  | 4.326\*\*\* (0.567) | 4.148\*\*\* (0.567) | 4.134\*\*\* (0.567) | 4.217\*\*\* (0.566) | 4.267\*\*\* (0.567) |
|  | -0.584\*\*\* (0.030) | -0.589\*\*\* (0.030) | -0.585\*\*\* (0.030) | -0.587\*\*\* (0.030) | -0.589\*\*\* (0.030) |
|  | 0.002 (1.173) | 0.820 (1.173) | 0.776 (1.172) | 0.692 (1.171) | 0.657 (1.172) |
|  | 0.490\*\*\* (0.138) | 0.495\*\*\* (0.138) | 0.492\*\*\* (0.138) | 0.488\*\*\* (0.138) | 0.478\*\*\* (0.138) |
| Changes in Sales Volume |  |  |  |  |  |
|  | -1.221\*\*\* (0.152) |  |  |  |  |
|  |  | 3.378\*\*\* (0.305) |  |  |  |
|  |  |  | 3.288\*\*\* (0.250) |  |  |
|  |  |  |  | 2.696\*\*\* (0.182) |  |
|  |  |  |  |  | 1.991\*\*\* (0.170) |
| Instrumental Variables |  |  |  |  |  |
| Industrial Water Use |  |  |  |  |  |
|  | 2.206\*\*\* (0.370) | 2.161\*\*\* (0.369) | 2.209\*\*\* (0.369) | 2.200\*\*\* (0.369) | 2.189\*\*\* (0.369) |
|  | -65.814\* (29.687) | -67.204\* (29.665) | -66.458\* (29.645) | -66.646\* (29.627) | -67.022\* (29.659) |
|  | -0.353\*\*\* (0.035) | -0.355\*\*\* (0.035) | -0.353\*\*\* (0.035) | -0.351\*\*\* (0.035) | -0.350\*\*\* (0.035) |
|  | 1.151\*\*\* (0.252) | 1.183\*\*\* (0.252) | 1.195\*\*\* (0.252) | 1.181\*\*\* (0.252) | 1.188\*\*\* (0.252) |
|  | -505.401\*\*\* (59.985) | -496.030\*\*\* (59.879) | -506.585\*\*\* (59.856) | -490.255\*\*\* (59.790) | -479.580\*\*\* (59.851) |
|  | 38,418 | 38,418 | 38,418 | 38,418 | 38,418 |
|  | 335.36\*\*\* | 336.49\*\*\* | 337.48\*\*\* | 338.40\*\*\* | 336.79\*\*\* |

Note: The table shows estimated coefficients. Standard errors in parentheses. \* p<0.1, \*\* p<0.01, \*\*\* p<0.001.

Table A3: Robustness Check I (Consumer Stockpiling Propensity)

|  |  |  |  |
| --- | --- | --- | --- |
| Dependent Variable | Model A1.1  Quantile (.25) | Model A1.2  Quantile (.50) | Model A1.3  Quantile (.75) |
| Independent Variables |  |  |  |
| Supply-Side Characteristics |  |  |  |
|  | -74.411\*(31.180) | -173.577\*\*\* (27.774) | -252.011\*\*\* (38.668) |
|  | 13.495 (10.748) | 29.326\*\* (11.285) | 28.792\* (14.782) |
|  | 22.612\*\*\* (2.649) | 23.743\*\*\* (2.059) | 27.843\*\*\* (1.770) |
|  | -0.162\*\*\* (0.019) | -0.197\*\*\* (0.016) | -0.244\*\*\* (0.013) |
|  | 1.117\*\*\* (0.295) | 0.230 (0.314) | -0.520 (0.390) |
|  | -0.004\*\*\* (0.001) | -0.001\* (0.001) | 0.001 (0.001) |
| Demand-Side Characteristics |  |  |  |
|  | -9.112\*\* (2.822) | -18.885\*\*\* (3.735) | -22.389\*\*\* (4.178) |
|  | 1.177\*\*\* (0.194) | 1.990\*\*\* (0.307) | 2.457\*\*\* (0.340) |
|  | 81.767\*\*\* (5.569) | 72.465\*\*\* (7.366) | 74.559\*\*\* (6.593) |
|  | -4.737\*\*\* (0.386) | -4.269\*\*\* (0.502) | -4.454\*\*\* (0.467) |
| Disaster Characteristics |  |  |  |
|  | -169.212\*\*\* (4.449) | -162.340\*\*\* (5.946) | -145.935\*\*\* (5.488) |
|  | 9.081\*\*\* (0.398) | 8.341\*\*\* (0.535) | 7.187\*\*\* (0.487) |
|  | -133.743\*\*\* (10.678) | -175.741\*\*\* (11.373) | -197.530\*\*\* (10.269) |
|  | 21.772\*\*\* (2.174) | 28.573\*\*\* (2.271) | 30.805\*\*\* (2.110) |
|  | 19.373\*\*\* (1.635) | 19.584\*\*\* (1.309) | 21.473\*\*\* (1.503) |
|  | -0.173\*\*\* (0.012) | -0.172\*\*\* (0.010) | -0.181\*\*\* (0.012) |
| Control Variables |  |  |  |
| Retail Format |  |  |  |
|  | -253.342\*\*\* (47.948) | -315.628\*\*\* (29.465) | -351.831\*\*\* (97.154) |
|  | 110.667\*\*\* (32.708) | 92.700\*\*\* (27.052) | 168.393\*\*\* (34.452) |
|  | 59.242 (93.128) | 102.633\* (59.243) | 282.392\*\* (101.004) |
|  | -403.432\*\*\* (105.768) | -222.389\*\* (72.965) | -110.335 (67.087) |
|  | 233.230\*\*\* (45.539) | 328.050\*\*\* (50.576) | 521.999\*\*\* (42.264) |
|  | 39.526 (71.697) | 136.760 (109.950) | 303.743\*\*\* (63.061) |
| Retail Chain |  |  |  |
|  | Included | Included | Included |
| Hurricane Influence |  |  |  |
|  | 4.851 (5.389) | 21.578\*\*\* (3.591) | 31.055\*\*\* (5.370) |
|  | -29.098\*\*\* (4.327) | -25.762\*\*\* (3.729) | -20.975\*\*\* (3.418) |
| Category Competition |  |  |  |
|  | 1.144 (1.441) | 4.820\*\* (1.466) | 9.556\*\*\* (1.525) |
|  | 5.154\*\*\* (0.331) | 3.774\*\*\* (0.362) | 2.084\*\*\* (0.340) |
|  | -24.555 (16.287) | -10.709 (15.177) | 19.235 (17.157) |
|  | 2,908.394\*\*\* (238.989) | 2,684.218\*\*\* (310.251) | 2,299.957\*\*\* (325.613) |
| Geodemographic Feature |  |  |  |
|  | -0.050 (0.056) | -0.102\*\* (0.038) | -0.170\*\*\* (0.044) |
|  | 1.887\* (0.854) | 2.360\*\*\* (0.514) | 2.636\*\* (0.871) |
|  | 4.664\*\*\* (0.521) | 5.956\*\*\* (1.065) | 7.066\*\*\* (1.362) |
|  | -3.384\*\*\* (0.259) | -4.019\*\*\* (0.505) | -4.104\*\*\* (0.468) |
|  | -0.528\*\*\* (0.041) | -0.579\*\*\* (0.034) | -0.602\*\*\* (0.034) |
|  | 0.746\*\*\* (0.184) | 0.853\*\*\* (0.182) | 0.203 (0.133) |
|  | -427.472\*\*\* (97.170) | -274.919\*\*\* (67.448) | -277.159\*\*\* (76.007) |
|  | 38,418 | 38,418 | 38,418 |
|  | 0.2346 | 0.3161 | 0.3693 |

Note: The table shows estimated coefficients. Bootstrap standard errors in parentheses. \* p<0.1, \*\* p<0.01, \*\*\* p<0.001.

Table A4: Robustness Check II (Second-Stage of 2SLS: In-Store Product Availability)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Dependent Variable | Model 2.1  LATE Week | Model 2.2  POST Week 1 | Model 2.3  POST Week 2 | Model 2.4  POST Week 3 | Model 2.5  POST Week 4 |
|  | *-0.132\*\*\* (0.032)* | *-0.104\*\*\* (0.031)* | *-0.044 (0.031)* | *-0.022 (0.031)* | *-0.045 (0.032)* |
| Independent Variables |  |  |  |  |  |
| Supply-Side Characteristics |  |  |  |  |  |
|  | -17.026 (11.912) | 11.054 (11.725) | 30.064\*\* (11.534) | 7.982 (11.815) | -11.717 (11.879) |
|  | 7.189\* (3.925) | 0.094 (3.836) | -5.011 (3.774) | 4.555 (3.848) | 12.586\*\* (3.887) |
|  | 14.827\*\*\* (1.212) | 9.470\*\*\* (1.176) | 7.972\*\*\* (1.173) | 1.304 (1.182) | 5.436\*\*\* (1.188) |
|  | -0.100\*\*\* (0.010) | -0.083\*\*\* (0.010) | -0.071\*\*\* (0.010) | -0.017\* (0.010) | -0.041\*\*\* (0.010) |
|  | 0.517\*\*\* (0.117) | 1.206\*\*\* (0.115) | 1.011\*\*\* (0.114) | 1.247\*\*\* (0.116) | 0.790\*\*\* (0.116) |
|  | -0.001\*\*\* (0.000) | -0.003\*\*\* (0.000) | -0.002\*\*\* (0.000) | -0.003\*\*\* (0.000) | -0.002\*\*\* (0.000) |
| Demand-Side Characteristics |  |  |  |  |  |
|  | -7.891\*\*\* (1.415) | 11.642\*\*\* (1.374) | 4.169\*\* (1.353) | -0.806 (1.377) | 2.353\* (1.393) |
|  | 0.458\*\*\* (0.116) | -0.871\*\*\* (0.112) | -0.256\* (0.110) | 0.135 (0.112) | -0.033 (0.114) |
|  | 30.034\*\*\* (4.209) | 28.842\*\*\* (4.048) | 25.782\*\*\* (3.968) | 28.932\*\*\* (4.043) | 32.491\*\*\* (4.089) |
|  | -1.969\*\*\* (0.273) | -1.930\*\*\* (0.263) | -1.614\*\*\* (0.259) | -1.826\*\*\* (0.264) | -1.977\*\*\* (0.266) |
| Disaster Characteristics |  |  |  |  |  |
|  | -0.164 (5.255) | -2.729 (5.188) | 11.221\* (5.037) | 9.314\* (5.247) | 1.409 (5.295) |
|  | -1.093\*\*\* (0.305) | -0.113 (0.302) | -1.521\*\*\* (0.293) | -1.241\*\*\* (0.307) | -1.051\*\*\* (0.309) |
|  | 6.056 (6.578) | -15.593\* (6.474) | -7.381 (6.414) | -21.042\*\* (6.456) | -15.460\* (6.556) |
|  | -3.331\*\* (1.056) | 2.235\* (1.048) | -0.613 (1.036) | 3.360\*\* (1.046) | 2.339\* (1.059) |
|  | 2.690\*\* (0.931) | 0.323 (0.912) | 2.423\*\* (0.917) | 0.741 (0.914) | 2.185\* (0.925) |
|  | -0.028\*\*\* (0.008) | -0.009 (0.008) | -0.026\*\*\* (0.008) | -0.010 (0.008) | -0.025\*\* (0.008) |
| Control Variables |  |  |  |  |  |
| Retail Format |  |  |  |  |  |
|  | 91.300\* (40.745) | -7.274 (39.163) | 34.979 (38.553) | -0.821 (39.231) | 19.649 (39.735) |
|  | 89.775\*\*\* (12.528) | 77.751\*\*\* (14.102) | 41.746\*\* (13.561) | 52.475\*\*\* (14.028) | 31.271\* (13.203) |
|  | -141.823\*\*\* (26.960) | -149.531\*\*\* (26.234) | -256.536\*\*\* (25.857) | -217.424\*\*\* (26.315) | -272.537\*\*\* (26.608) |
|  | -561.810\*\*\* (24.795) | -269.544\*\*\* (24.004) | -253.036\*\*\* (23.843) | -95.048\*\*\* (24.082) | -248.427\*\*\* (24.311) |
|  | 10.775 (20.413) | 0.157 (19.820) | -53.283\*\* (19.543) | -91.725\*\*\* (19.887) | -117.116\*\*\* (20.151) |
|  | -86.986\*\*\* (22.653) | -83.414\*\*\* (22.054) | -175.849\*\*\* (21.783) | -167.973\*\*\* (22.167) | -216.975\*\*\* (22.389) |
| Retail Chain |  |  |  |  |  |
|  | Included | Included | Included | Included | Included |
| Hurricane Influence |  |  |  |  |  |
|  | -12.651\*\*\* (1.689) | -19.406\*\*\* (1.629) | -25.568\*\*\* (1.586) | -16.402\*\*\* (1.625) | -22.167\*\*\* (1.642) |
|  | -3.293\* (1.527) | -10.641\*\*\* (1.460) | -5.516\*\*\* (1.409) | -5.011\*\*\* (1.464) | -7.842\*\*\* (1.487) |
| Category Competition |  |  |  |  |  |
|  | 1.203 (0.882) | -1.178 (0.869) | -1.289 (0.852) | -1.164 (0.869) | 0.584 (0.874) |
|  | -0.155 (0.188) | 0.269 (0.184) | 0.163 (0.180) | 0.365\* (0.186) | 0.330\* (0.188) |
|  | -2.180 (6.446) | -23.109\*\*\* (6.263) | -24.017\*\*\* (6.170) | -17.654\*\* (6.275) | -32.606\*\*\* (6.350) |
|  | 708.033\*\*\* (127.481) | 443.945\*\*\* (124.356) | 295.010\* (122.438) | 280.583\* (124.662) | 411.135\*\* (126.017) |
| Geodemographic Feature |  |  |  |  |  |
|  | 0.092\*\*\* (0.021) | 0.134\*\*\* (0.020) | 0.130\*\*\* (0.020) | 0.150\*\*\* (0.020) | 0.141\*\*\* (0.020) |
|  | -0.275 (0.171) | -0.144 (0.167) | 0.019 (0.163) | 0.069 (0.166) | -0.097 (0.168) |
|  | 1.544\*\*\* (0.279) | 0.480\* (0.268) | 0.484\* (0.264) | 0.332 (0.270) | 0.599\* (0.274) |
|  | 0.110\*\*\* (0.023) | -0.034 (0.023) | -0.039\* (0.022) | 0.006 (0.023) | -0.042\* (0.023) |
|  | -2.389\*\*\* (0.490) | 0.174 (0.476) | -0.761 (0.469) | 0.265 (0.477) | -0.347 (0.483) |
|  | 0.151\* (0.061) | 0.337\*\*\* (0.060) | 0.337\*\*\* (0.059) | 0.221\*\*\* (0.060) | 0.269\*\*\* (0.060) |
| Changes in Sales Volume |  |  |  |  |  |
|  | 1.155\*\*\* (0.074) |  |  |  |  |
|  |  | 1.418\*\*\* (0.162) |  |  |  |
|  |  |  | 1.122\*\*\* (0.142) |  |  |
|  |  |  |  | 1.489\*\*\* (0.112) |  |
|  |  |  |  |  | 1.471\*\*\* (0.094) |
|  | 38,413 | 38,413 | 38,413 | 38,413 | 38,413 |
|  | 69.16\*\*\* | 86.86\*\*\* | 78.72\*\*\* | 74.44\*\*\* | 64.08\*\*\* |

Note: The table shows estimated coefficients. Standard errors in parentheses. \* p<0.1, \*\* p<0.01, \*\*\* p<0.001.

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1. Various administrative functions have been studied in the context of hurricane disaster management, such as decision-making processes, evacuation procedures, humanitarian logistics, emergency prevention/mitigation, emergency restoration/recovery, and casualty management (see Gupta et al. 2016, for review). [↑](#footnote-ref-1)
2. Researcher(s) own analyses calculated (or derived) based in part on data from The Nielsen Company (US), LLC, and marketing databases provided through the Nielsen Datasets at the Kilts Center for Marketing Data Center at The University of Chicago Booth School of Business. The conclusions drawn from the Nielsen data are those of the researcher(s) and do not reflect the views of Nielsen. Nielsen is not responsible for, had no role in, and was not involved in analyzing and preparing the results reported herein. [↑](#footnote-ref-2)
3. The National Hurricane Center defines the ‘cone of uncertainty’ as: “*The cone represents the probable track of the center of a tropical cyclone, and is formed by enclosing the area swept out by a set of circles (not shown) along the forecast track (at 12, 24, 36 hours, etc.). The size of each circle is set so that two-thirds of historical official forecast errors over a 5-year sample fall within the circle.*” [↑](#footnote-ref-3)
4. Three parameters are usually chosen to define the size of a tropical cyclone: the radius of maximum wind (RMW), the average 34-knot radius (AR34), and the radius of the outermost closed isobar (ROCI) (Cangialosi and Landsea 2016, Carrasco et al. 2014, Demuth et al. 2006). From a retail operations perspective, consumers may show stockpiling propensity beyond the thresholds of RMW and AR34; therefore, we utilize the most relevant parameter, ROCI, to study consumer stockpiling propensity. [↑](#footnote-ref-4)
5. For this study, we define a four-week PRE event period and a four-week POST event period for all four hurricane events to keep a similar degree of demand subject to seasonality. [↑](#footnote-ref-5)
6. In the current analysis INFLUENCE date is defined as the date of the hurricane’s nearest proximity. As an alternative, we test the results when INFLUENCE date is defined as the landfall date, giving rise to similar insights. We thank the anonymous referee for suggesting the current definition of INFLEUENCE date. [↑](#footnote-ref-6)
7. For example, if the INFLUENCE date is on Thursday, Friday or Saturday, we use the week containing the INFLUENCE date as the EARLY event week, but if it is on Sunday, Monday, Tuesday, or Wednesday, we take the previous week as the EARLY event week. [↑](#footnote-ref-7)
8. The 2019 hurricane, Dorian, is an illustration of this phenomenon. The coastal area of Florida was influenced by the hurricane (September 2-4) prior to its landfall in North Carolina (September 6). [↑](#footnote-ref-8)
9. Some hurricanes may make multiple landfalls. For example, hurricane Irene in 2011 made landfalls in Cape Lookout, NC, at 12:00 on August 27, Brigantine Island, NJ, at 09:35 on August 28, and Coney Island, NY, at 13:00 on August 28. We use the first landfall date, while controlling for the elapsed time from the first landfall to when the hurricane track is in proximity to the store in the observation. [↑](#footnote-ref-9)
10. The results from the first stage of this model (which includes the instrumental variables) are presented in Table A2 in the Appendix and are not materially different from the estimating results of Equation 1. [↑](#footnote-ref-10)
11. For each store outlet, we let be the sales volume for each of the four PRE event weeks and be the sales volume for the EARLY event week. Thus, consumer stockpiling propensity in EARLY event week is . [↑](#footnote-ref-11)
12. For each store outlet observation, we let be the number of different UPCs sold during each of the four PRE event weeks, and let denote the number of different UPCs sold during the LATE event week. Thus, in-store product availability for the LATE event week is given by , with similar expressions for in-store product availability for the four POST event weeks. [↑](#footnote-ref-12)
13. In Section 4.3., we conduct another robustness check by accounting for alternative methods for estimating in-store product availability, in particular, by setting the maximum weekly number of product UPCs sold during the four PRE event weeks as a benchmark. As noted therein, the results are consistent with our primary findings. [↑](#footnote-ref-13)
14. We also estimate models without controlling for changes in sales volume in the 2SLS model in Section 3.4. The results are consistent with our primary findings. [↑](#footnote-ref-14)
15. Nielsen Retail Scanner Data captures sales of bottled water category by Universal Product Code (UPC), which is a barcode symbology widely used for tracking trade items in retail stores. [↑](#footnote-ref-15)
16. HHI is a measure of competition intensity. It ranges between 0 and 1, where the former indicates the theoretical perfectly competitive environment and whereas the latter reflects a monopolistic setting. HHI is calculated by taking into account all individual stores competing in a market, including stores of the same chain. [↑](#footnote-ref-16)
17. For hurricane Ike in 2008 and Irene in 2011, since the 2008 and 2011 U.S. Gazetteer Files are not available online, we use data from 2010 U.S. Gazetteer Files as the closest approximation. [↑](#footnote-ref-17)
18. The U.S. Geological Survey water-use data are collected and compiled every five years. For hurricane Ike in 2008 and Irene in 2011, we use data from U.S. Geological Survey 2010 as the closest approximation; for hurricane Sandy 2012 and Arthur 2014, we use data from U.S. Geological Survey 2015 as the closest approximation. [↑](#footnote-ref-18)
19. As we utilize semi log regression models, Figures 3, 4, and 5 reflect the effects of changes in the independent variables on dependent variable (unlogged). The interpretation of the estimated coefficient is that a c-unit increase in the independent variable will produce an expected increase in dependent variable (unlogged) by a factor of (multiplied by ). [↑](#footnote-ref-19)
20. For illustration purposes, we truncate Figure 3(a) at 98 stores as this contains 97.5% of the observations. The full intra-regional network ranges to 266 stores revealing minimum stockpiling propensity at 200 stores. Likewise, we truncate Figure 3(c) at 238 UPCs as this contains 97.5% of the observations. The full product variety ranges to 340 UPCs revealing maximum stockpiling propensity at 126 UPCs. [↑](#footnote-ref-20)
21. For illustration purposes, we truncate Figure 4(b) at 87,800 dollars, reflecting 97.5% of the observations. The full per-capita income ranges to $153,210 revealing a maximum stockpiling propensity at $87,365. [↑](#footnote-ref-21)
22. In Figure 4 (a), the number of hurricanes experienced by a state changed over time and hence we have two adjacent bars. [↑](#footnote-ref-22)
23. Note that maximum distance from the county where a store outlet is located to landfall points is 996.9 miles. This value roughly coincides with our upper limit of the distance, 1000 miles. This indicates that this minimum is simply an outcome of the sample selection. Generally, one would expect the impact to further decrease with distance, so that the relationship does not achieve an absolute minimum. [↑](#footnote-ref-23)
24. We conduct two-stage least square analysis using Stata xtivreg2, which implements IV/GMM estimation of the fixed-effects and first-differences panel data models with possibly endogenous regressors. Out of a total of 38,418 obervations, five observations are not used due to singleton group problem, resulting with 38,413 observations. Moreover, Stata xtivreg2 does not report estimated constants. [↑](#footnote-ref-24)
25. We conduct a series of instrument tests using various estimation methodologies, such as IV/2SLS with SEs, IV/2SLS with robust SEs, two-step GMM with robust SEs, and LIML with robust SEs. For example, using IV/2SLS with SEs, for Model 2.1 in Table 4, Anderson canon. corr. LM Chi-sq (4) for underidentification is 168.225 (p<0.001), Sargan Chi-sq (3) for overidentification is 4.148 (p>0.1), and Cragg-Donald Wald F for weak identification is 42.143 (> 16.85, the critical value of 5% maximal IV relative bias). Overall, the results indicate the instrument set is appropriate. The instrument tests for Models 2.2, 2.3, 2.4, and 2.5 provide similar insights. [↑](#footnote-ref-25)
26. As we utilize semi log regression models, the calculation of the “compound impact” in Table 5 is based on the estimated coefficient in Model 1.4 in Table 3. For individual impacts, a unit increase in independent variable multiplies the expected dependent (unlogged) variable by . [↑](#footnote-ref-26)
27. Since we use semi-log regression and the dependent variable is , the coefficient of the retail formats indicate the percentage change in stockpiling propensity relative to convenience stores (the base case retail format). For example, the coefficient for drug store is 450.413 implying consumer stockpiling propensity for drug stores is 45% higher than for convenience stores. [↑](#footnote-ref-27)
28. CSIMarket is an independent digital financial media company and provider of integrated financial information and analytical applications to the global investment community (https://csimarket.com). [↑](#footnote-ref-28)