

The Threat of Potential Loss

Anytime someone feels their freedom, to choose, think, or act is being restricted, they “experience psychological reactance and attempt to restore their freedom.” With this restriction on freedom we are driven to latch on to that thing which we fear will be restricted even more. Instead of standing by and saying, “Okay, I’ll give that up,” we take the opposite approach. Suddenly, that restricted item is even more important to us. Researchers call this tendency “reactance.” An intensely motivational state, reactance causes us to be emotional, single-minded, or even irrational. We hate feeling restricted, so we are highly motivated to resolve anything that makes us feel so. It is due to reactance that we act, and want it now.

A study involving a group of male toddlers illustrated just how powerful the Law of Scarcity is, even in very small children. In the study, the toddlers were brought into a room each holding two equally exciting and appealing toys. A Plexiglas barrier was set up so that one of the toys sat *next* to it, while the other sat behind. The barrier wasn’t very tall, so some of the toddlers could simply reach over the top and grab for the toy. For others, though, the barrier was still too high to reach over, so they could only reach that particular toy if they went around and behind the Plexiglass. The researchers wanted to see if the obstructed toy, being more “scarce,” would draw more attention and be more desirable. The boys who could easily reach over the top showed no preference toward the obstructed or the unobstructed toy; the unobstructed toy was approached just as frequently and just as quickly. For the boys who could *not* reach over the top, however, the obstructed toy was clearly the more desirous of the two – in fact, the boys made contact with it three times faster than with the unobstructed toy! Even in toddlers, there was an urge to defy restriction of choice!

In another study involving children, researchers told the children they could select from a wide array of candy bars. They then pointed out a particular candy bar and told them they should not choose that one, but any of the others would be fine. The children reacted to threat to their freedom of choice by choosing the bar they’d been told not to select. In doing so, they felt they had preserved their freedom to select whatever bar they wanted.

The Law of Scarcity works because it makes people feel like they will lose their opportunity to act and choose if they don’t do so immediately. The threat of such loss creates urgency in our decision-making. Have you ever noticed how people are often more motivated when faced with potentially losing something than when they might take steps of their own accord and gain something of equal value? Studies have verified that this is a common and consistent phenomenon. For example, do you think homeowners would feel more urgency to act if they were told how much money they were going to lose if they didn’t improve their insulation, or if they were told how much money they would save? They are more likely to act if they are told about their potential loss.

The mental trigger of potential loss causes such great anxiety in people that they act to prevent the loss – even though they likely are not really interested in the product itself. Imagine making a decision where you have all day to make up your mind and you have

the reassurance that when you return tomorrow, the item will still be available at the same good price. Such decisions take days to make. However, when scarcity enters the picture and you feel that the availability of the product, the timing, or even the price is bound to change without notice, the mental trigger of scarcity begins to operate. You are driven to acquire something to alleviate the threat of potential loss. That's why shoe salespeople always bring you back the last pair of shoes available in your size at the sale price – which ends today. It makes you wonder if that is also why Adam and Eve, who had the entire Garden of Eden to play in, couldn't stay away from the forbidden fruit.

What we can't have is always more desirable and exciting than what we already possess. As the adage says, "The grass is always greener on the other side of the fence." Any parent knows the result of telling a child she can't have or do something. The child will immediately drop everything and want the one thing she can't have. Look at Romeo and Juliet. The forbidden nature of their relationship made it even stronger and more appealing to them. Parents need to be cautioned about forbidding their child's friends and lovers because the Law of Scarcity will come back to haunt them.

The manner in which an object *becomes* scarce also contributes to making it more desirable. In a particular study, researchers gave subjects a cookie jar containing ten cookies. Then, taking the jar back, the subjects were given a new jar containing only two cookies. One group of subjects was told their cookies had been given away to other participants because of the demand for their study. Another group was told their cookies were taken away because the proctor had made a mistake and had given them the wrong cookie jar. The results indicated that the cookies that had become scarce through social demand were rated considerably higher than the cookies that had become scarce through the proctor's oversight. Not only this, but they were also the most highly rated of all the cookies used in the study!

The Law of Scarcity even works when the desired object or thing isn't even going to really benefit the recipient. A county in Florida enacted legislation against the sale and use of laundry detergents containing phosphates, as the phosphates negatively impacted the environment and did not help clean the clothes. Before the ban went into effect, stores experienced an increase in sales for the phosphate-containing detergents. After the ban was underway, stores within the city saw a drop in laundry detergent sales overall, while stores in surrounding counties not affected by the ban saw an increase in sales for the phosphate-containing detergents.

Later, when consumers were polled as to which detergents were better, the residents where the ban had taken place rated the restricted detergents

higher than any others in all categories. The Law of Scarcity had made the limited product dramatically more appealing.