

Scarcity in Marketing

Psychologist Anthony Pratkanis of the University of California, Santa Cruz, is recorded as saying, “As consumers we have a rule of thumb: If it is rare or scarce, it must be valuable and good.”

Department stores use the Law of Scarcity to bait consumers into an uncontrollable shopping frenzy. Fights break out at department stores when people are going after those scarce items, which are being offered at bargain prices for a limited time only. The lower prices are bait – a loss leader for the store, but certain to generate a buying frenzy that is contagious. Blinded by scarcity, consumers will buy anything and everything even if they don’t need it. You see patrons buying three DVD players. You ask them why and they don’t know. All they know is that the store said supplies were limited, the sale was only for today, and each shopper was limited to three. So they bought three DVD players.

Some stores have this “limited number” thing down to perfection. Often we go shopping, but are only casually interested, telling the salesperson, “Just looking, thanks.” We glance over the packaging, examine the sale sign, etc. Then the salesperson plays the number’s game. Approaching us, she says, “It’s a great model, isn’t it? Especially at this price! Unfortunately, I just sold our last model.” We suddenly feel disappointed. No longer available, we feel like now we really want it, even though we were only mildly interested before. We ask if there might be another one in the back or at another location. “Well, let me see what I can do. If I can get another for you at this price, will you take it?” she baits. Trapped! Funny thing is, we don’t even realize the trap is being set, so the technique works like a charm.

We are asked to commit to a product when it seems like it will soon be totally unavailable, and therefore seems incredibly desirable. Threatened with potentially losing a great deal, we agree. Then of course, the salesperson comes back with the great news.

The product will be shipped to the store in three days. In the meantime, all you have to do is sign the sales contract.

We also see the Law of Scarcity being frequently employed by home-shopping television networks. They know that rare things are highly valued in our society, so they always have a little clock running in the upper corner of the screen. You only have ten minutes to purchase this precious item, and the clock lets you know how little time you have left to make this buy of a lifetime. Home-shopping channels make time the scarce resource.

They often have a counter on the screen too. Sometimes the counter runs down with every sale. So the host says, “We only have a limited number of these imported widgets, and when they’re all gone, we will never sell them again.” And the counter showing the number of items remaining continues to tick down. The counter creates the impression of scarcity.

Additional Forms of Scarcity in Marketing

Consider the following “scarcity” tactics we see day-to-day:

- Clubs and restaurants that create exclusive membership requirements
- Disney videos that are offered once every five years.
- Airlines that only hold your seat for 24 hours, informing you, “These seats might sell out.”
- Collectors of antiques and baseball cards.
- Special “by invitation only” sales.
- Going out of business sales.
- Offers “not available” in stores.
- Exclusive, one-time offers.
- Membership in an exclusive club.