



CHRIST
(DEEMED TO BE UNIVERSITY)
BANGALORE • INDIA

SCHOOL OF BUSINESS AND MANAGEMENT

SCARCITY MARKETING



Volume 11 Issue 7

**School of Business and Management
CHRIST (Deemed to be University)**



CHRIST (Deemed to be University)

VISION

Excellence and Service

MISSION

CHRIST (Deemed to be University) is a nurturing ground for an individual's holistic development to make effective contribution to the society in a dynamic environment.

SCHOOL OF BUSINESS AND MANAGEMENT

VISION

Our vision is to be an institution of excellence developing leaders serving enterprises and society globally

MISSION

Our mission is to develop socially responsible business leaders with the spirit of inquiry through academic and industry engagement

Programme Educational Objectives (PEOs)

- Graduates possessing subject knowledge, analytical ability and skills to manage business.
- Graduates exhibiting spirit of inquiry, innovation and ability to solve problems in dynamic business environment.
- Graduates with value based leadership skills, entrepreneurial capabilities and global awareness serving enterprises and society.

Master of Business Administration

Program Learning Goals (PLGs)

PLG1	Social Responsibility and Ethical Sensitivity
PLG2	Functional Knowledge and Application
PLG3	Communication
PLG4	Critical Thinking
PLG5	Global Awareness

Program Outcomes (POs)

PO1	Apply knowledge of Management and Practices to solve business problems
PO2	Foster Analytical and Critical abilities for data-based decision making
PO3	Ability to develop value-based leadership ability
PO4	Ability to understand, analyse, communicate global economic, legal and ethical aspects of business
PO5	Ability to lead themselves and others in the achievement of organizational goals, contributing effectively to the team environment
PO6	Identify business opportunities, design and implement innovations in the work environment
PO7	Enhance capabilities for generating research ideas in respective management domains
PO8	Demonstrate sensitivity to sustainability issues and prepare for lifelong learning

Content

Faculty Corner	5
Alumni Corner	6
Examples of Scarcity Marketing	7
Scarcity Marketing	8
Scarc's Scare	9
Tactics to boost marketing	11
Scarcity Marketing: Effect on Food and Apparel	13
Balanced Dualism	15
The Psychological Notion	17
A study on how Booking.com uses Scarcity Marketing as one of the Top Tools to achieve its Marketing Objectives	19
Selling More by Selling Less	22

Foreword



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Scarcity marketing is marketing that capitalises on a customer's fear of missing out (also known as FOMO) on something. It's based on the psychological principle that people want what is difficult to acquire. Stores always have sales that are 'ending soon'. Or they offer discounts that expire on a certain date. These are standard examples of scarcity marketing. It helps in boosting the sales of the product or services. Scarcity is one of the most significant factors that influence supply and demand. The scarcity of goods plays a significant role in affecting competition in any price-based market. Because scarce goods are typically subject to greater demand, they often command higher prices as well which leads to higher profits for the sellers.

Companies use tag lines such as Limited Stocks Available, Last Few Items Left, Order before this date, Hurry, Limited Sale offer, Limited Discounts available and so on. All of the above are some of the popular semantic cues used under scarcity marketing concept. Marketers try to demonstrate scarcity of the product and if not bought early by prospective consumers, it could be missed forever. And consumers always want what they can't have after a period of time.

Scarcity marketing also plays a huge role in E-commerce businesses. The scarcer something is, the more precious it seems. Companies are making it more by showing less.

Dr. Michael Lynn, Professor of Consumer Behaviour at Cornell University, compiled a list of possible explanations that psychologists and researchers have found over the years on why scarcity increases desirability and reasons for the same. They are grouped into three main categories given below:

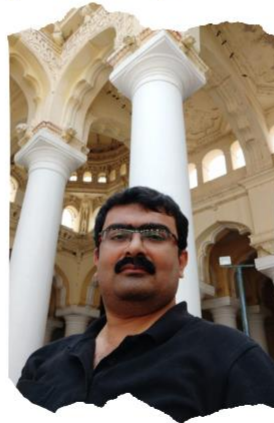
1. Scarce items feel exclusive: Those who possess scarce items have exclusive access that others do not have. This, in and of itself, increases the value of a scarce object. This is why clubs have VIP areas, and airlines have special membership lounges, among other things. Because they make consumers feel exclusive.
2. Scarce items appear more valuable: According to the law of supply and demand, commodities in short supply frequently cost more, hence scarce items are pricey status symbols.
3. Scarce items make people feel powerful: Snagging a rare object means you have access to something that others want but cannot have, giving the owner power.

A study by Wageningen and Tilburg Universities on product scarcity confirmed:

- Limited supply in a virtual shopping environment led participants to believe scarce items were more popular.
- They believed supply was limited because demand for these items was higher than other items.
- With this belief in mind, more shoppers chose the scarce item over the non-scarce one when told to select an item of their own.

This issue of M-ask is presented by

"Team Themis"



Dr. Jayanta Banerjee



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Faculty Corner



Dr. Jayanta Banerjee

Marketing as a function of business activity has continuously evolved. Scarcity Marketing (SM) is one such avatar that expresses marketing in a different context. SM can be defined as - "Scarcity marketing is marketing that capitalizes on a customer's fear of missing out on something. It's based on the psychological principle that people want what is difficult to acquire". Well, judging by the sales success rate, SM is becoming a favorite in generating revenue. It is challenging to pinpoint SM's first instance, but businesses have used it for many years. The Disney Vault, one of the most well-known examples of SM, began in the 1980s. Walt Disney Studios Home Entertainment began reissuing limited editions of their films, urging consumers to buy them before returning to the "Disney Vault." SM uses seven different ways to attract customers –

- a) The Few-Items-Left Tactic
- b) The Limited-Introductory-Price Tactic
- c) The Limited-Bonuses Tactic
- d) The Order-Before-XX-Today Tactic
- e) The Limited-Products Tactic

In a market situation where sales are stagnating, lowering prices can encourage purchase. But any strategy which creates erosion of profits can't be an idle one. On the other hand, SM does just the opposite. The marketing technique generates obstacles for consumers to buy and creates an environment of urgency and fear. It can commonly be observed among retailers. Recently Flipkart Big Billion Day sales saw a lot of panic buying. Limited-time sales or price drop alerts and showing the number of units available are all SM techniques. Research identifies different reasons for customers to fall prey to SM. Fear of missing out (FOMO) is a psychological phenomenon where people feel they are losing out on something others have already got; it causes uneasiness and tension. Price becomes secondary in such a situation, and acquiring the product becomes primary.

But all is not good, and SM can be a very risky tactic. Tricking customers into believing something is unavailable can backfire, where there is no reason for it happening. Many feel this technique is a form of legalized hoarding, and black marketing and sellers should be penalized. On the other hand, this technique may not be successful for a low-value product; customers can migrate to a competitor's product. SM as a strategy should be used sparingly, only for high-value products. As this technique does not damage a brand's image, premium brands can be tested with this strategy.

Alumni Corner



Shreya Mishra
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I still remember one of the key lessons from Economics class during my MBA: The law of supply and demand. According to this law, a low supply and high demand for a product will typically increase its price. Why is this law relevant here? Because changes in the supply and demand of products can result in scarcity principle coming into play.

By Scarcity principle, we can say that the rarer or more difficult it is to obtain a thing, be it a product, offer, or piece of content, the more valuable it becomes. We think that the product will soon become unavailable to us, with this thought in our mind, we are more likely to purchase it than if there was no impression of scarcity. People want what is difficult to acquire. That's a psychological principle.

Talking about Scarcity Marketing, it is a technique that capitalizes on a customer's fear of missing out on something. Basically, tapping into people's inherent FOMO (fear of missing out).

During the festive season, we often find stores always have sales that are 'ending soon' or they offer discounts that expire on certain date. In past few year, we have been more dependent on E-commerce platforms like Amazon, Flipkart, Myntra, Grofers etc., and all thanks to the global pandemic. We all must have come across messages like "Only 2 left in stock", "10 people are viewing this item," etc. Sometimes, these inventory-related messages may be true, but they are mostly part of Scarcity Marketing technique. These messages lead buyers to assume that this particular product is in high demand, which implies it might sell out soon. The customers get encouraged to place their order sooner rather than later. Scarcity marketing works for three main reasons. Firstly, Customers who purchase scare items feel exclusive. Purchasing a rare or limited supply product makes the customer feel a sense of power as people tend to view scare items as more valuable. Secondly, Customers fear the feeling of non-purchase regrets. Since customers believe scare items to be more valuable and hence are, they don't want to miss them to be more valuable and hence rare, they don't want to miss their one-time shot at possessing something rare. Third, Customer's experience fearing of missing out (FOMO), the psychological stress that the customers experience when they are feeling excluded or left out of enjoyable experiences.

Examples of Scarcity Marketing To Rocket Your Performances



Yadu Krishna N S
2027114

According to the principle of Scarcity, 'a restricted availability boosts the item's desirability'. By this principle, the customers think that if there is less product, the product must be in high demand and have a higher value. Many companies in the world use this principle to boost their performances. Lets see a few examples on how companies used the technique of Scarcity Marketing to enhance their conversions.

1. Booking.com

Booking.com is one of the most advanced websites in the world. It makes it simple to locate and book one-of-a-kind hotels. It's also an adept at recognising and communicating the causes of urgency and shortage, which it does frequently throughout the booking process. There is a genuine reason for the guest to hurry up at each step. Here are a few examples how the company uses Scarcity Marketing too boost its sales.

2. Amazon.com

Amazon.com notifies you when an item is running short of stock. They also inform you how much time you have left to place the order if you want the item by tomorrow. These notifications create a feeling of missing out among the customers making them to order the item at the earliest. The following images shows how the company uses the scarcity tactics to boost the sales.

3. eBay

Customers are driven not just by the desire to buy something rare, but also by the urge to beat other people and do so inside the bidding window, in auctions such as those on eBay. The display of the number of bids coincides with social evidence, increasing the perceived relevance and worth of the goods. The following images shows how the company utilizes the scarcity technique.

From the examples we can conclude that, scarcity works so well because we've evolved to believe that goods that are difficult to have are typically better than those that are easy to obtain. We associate availability with quality. To summarise, scarcity can be expressed in two ways: limited amount or limited time. Unique events and festivals can also be used to produce the desired effect. Furthermore, we have a tendency to place a larger value on commodities that others are vying for, which is a reality.

SCARCITY MARKETING



Sephali Rath
2027008

Scarcity marketing is the practise of limiting a product's supply, either by limiting availability to a certain time frame or by lowering production—or both. We all want what we can't have, and we like bragging about having something others don't. Scarcity marketing capitalises on this desire by employing mystique and enticement to create demand. It's a great technique to ensure that a product gets swept off the shelves with the buzz that every business strives for. Scarcity marketing is commonly used in seasonal products. Seasonal items like McDonald's Shamrock Shake and Starbucks' enormously popular Pumpkin Spice Latte (PSL!) are high-profile examples of limited-time offerings that appeal to even the casual customer. Some businesses take scarcity to new heights, driving demand—and customers—through the roof. Scarcity marketing is used by Goodnight Fatty and Back Alley Bacon of Salem, Massachusetts. These two shops are only open for a few hours each day, and whatever they're cooking is what you'll get. Back Alley Bacon's tasty, hidden bits are served by a man in a pig mask known only as "Chef Jon Hamm" out of an unmarked establishment (of apparently no relation to the actor). Customers will need a password as well as exact change, which will be publicised on the Back Alley Bacon Facebook page. However, they are kept in the dark, which adds to the mystique of the encounter. "What helped launch Back Alley Bacon wasn't just scarcity of product, but the scarcity of information. In another example, To coincide with the release of Disney's Mulan, McDonald had released a limited-edition Szechuan sauce in 1998. After the film's promotion ended, the sauce was removed from the menu and drifted into oblivion for many years. until it was included in an episode of the popular sci-fi cartoon "Rick and Morty." The sauce's popularity skyrocketed online, and McDonald's capitalised on the publicity by reintroducing it for one day only, in limited quantities. In another case, the most popular footwear Jordans are known for their "limited drops," which are limited-edition shoes that shoe collectors highly seek after worldwide. Humans are hardwired to gather resources; our survival depended on it in the past. The person with the most food or the best tools stood a better chance of surviving. Marketers today take advantage of our natural need to acquire and save things. Scarcity Marketing has several limitations too. Using scarcity to promote low-value products or services can be extremely damaging to your brand. Creating the illusion of scarcity can appear to be a type of deception. Creating a sense of exclusivity can lead to the loss of potential customers. Creating a perception of exclusivity may cause you to lose customers who can't afford your product or service right away rather than gaining or keeping them.

Scarc's scare



Udit Tripathi
2027304

Scarcity marketing is based on a customer's fear of missing out on something valuable. It's founded on the psychological notion that people desire difficult-to-get things. To minimize disappointment and leave clients wanting, scarcity marketing necessitates a flexible, responsive approach. Scarcity marketing is the concept of limiting a product's supply, whether through limiting availability to a specific time window or reducing production—or both. We all desire something we can't have, and we love to show off when we have what others don't. Scarcity marketing takes advantage of this desire by using mystique and enticement to create demand. It's a great technique to ensure that a product gets swept off the shelves with the buzz that every business strives for.

Scarcity marketing is commonly used in seasonal products. Seasonal items such as McDonald's Shamrock Shake and Starbucks' enormously popular Pumpkin Spice Latte (PSL!) are high-profile examples of limited-time offerings that appeal to even the casual customer. Scarcity marketing is influenced by three different parties: the producer, the product, and the consumer. There are four types of scarcity that can be used in different situations

- **Exclusivity**
- **Rarity**
- **Excess Demand**
- **Urgency**

Exclusivity Scarcity: When you see the number of numbers on some products' price tags, it almost makes you gag. When Apple releases a new iPhone, this is a good illustration. This is something that many people dislike about Apple. However, they do this on purpose to make their products seem more exclusive, as only fewer people can afford the most recent luxury item. Exclusivity Scarcity is the name given to this type of implicit scarcity. It's implied because, while the product itself isn't particularly scarce, obtaining it becomes more difficult with each price increase. This form of scarcity is embodied by many companies, and many individuals identify with the feeling of exclusivity. For those seeking status, instilling a sense of scarcity through exclusivity will be more effective. Consumers want to associate themselves with people who already own a brand's items once it has achieved the required level of exclusivity. It makes no difference to them if others have that item.

All that matters is that by purchasing an exclusive goods, people obtain the same level of implied prestige. Wearing high-end labels, for example, might be a symptom of someone compensating for their lack of power.

Rarity Scarcity: Sometimes confused with exclusivity scarcity, making it difficult to discern between the two. Those seeking unusual objects are frequently seeking a greater status or a way to stand out in order to satisfy their demand for uniqueness. They achieve this in a variety of ways, one of which is through purchasing Supreme products. It's a product that neither brand is recognized for and won't be produced again anytime soon, making this a really uncommon and unique experience. Because a manufacturing restriction is set from the start of the product's life cycle, This is referred to it as rare rather than exclusive. In other words, the maker has purposefully limited the supply of the product. Copy such as "limited edition" or "unique" can pique interest in things that are tied to a person's persona. People who care about fashion or sneakers, for example, and who associate their identity with these products, are vulnerable to these terms. This also applies to other high-end items, as well as experiences. Individuals enjoy bragging about their accomplishments and possessions, but this is dependent on where they believe their identity lies.

Urgency Scarcity: Giving buyers the sense that they're savvy shoppers and that they've won a competition can bolster any urgency appeal. Customers will feel compelled to act if you say something like "This deal is only available today". "When promoting products that people are unfamiliar with or are doubtful of the quality of, demonstrating that sales are growing might help alleviate their fears. This concept should be reinforced by material such as "nearly sold out" or "sales are gone fast, don't wait too long." Many scarcity warnings have been exposed as hoaxes, causing people to become desensitized to them.

Excess Demand Scarcity: Frequently, products are scarce because demand exceeds supply. There are no gimmicks, limited editions, exclusivity, or other hurdles to the product's scarcity. It's sometimes just a case of supply and demand. Scarcity can be effectively exploited to encourage purchasing behaviour, especially when things are nearly sold out due to high demand. Many of us are familiar with this type of scarcity, which instils panic in customers by warning them that they might lose out on a desirable item.

The scarce-is-good-heuristic could be one of the reasons why individuals feel compelled to purchase something that is almost sold out. Our fear of missing out, or FOMO, is the reason why scarcity marketing strategies are so effective (fear of missing out). It's fueled by the phenomenal rise of social networking, which allows us to connect with individuals all over the world. However, individuals are becoming more concerned about missing something crucial as their dependency on the internet grows.

TACTICS THAT CAN BOOST THE SALES



Shashwat Raj
2027405

1. Displaying the exact product availability-

Showing numbers is the first and most significant strategy for utilizing scarcity marketing.

Share the exact number of products you or your shipping partner have on hand with clients. The idea is to let them know that the item is practically sold out and that they'll have to wait for around a month for you to obtain more items. By doing this, you'll encourage your customers to buy today before it's too late. Being as precise as possible is what you should strive for. There is no way you want customers to believe your claim that you've run out of stock when your website clearly states the opposite. That will only damage the hard-earned reputation you've worked so hard to establish. As a result, make certain that the stock item is updated on a regular basis to reflect your most recent data points.

2. Creating limited edition products-

It's another scarcity marketing strategy that's certain to improve your company's revenue by 2021-22. With this strategy, you create one-of-a-kind things and sell them as part of a small run. A number of big shops use it, especially in the winter and summer. It's a tried-and-true strategy.

A good example is selling mugs online. You might make a summer-themed mug in the spring and sell it in the summertime. After that, you have the option of ordering two further limited-edition models that will only be available in December.

Additionally, shops looking to broaden their product offerings should use this strategy. If you launch a limited-edition product and it goes well, you may decide to make it more widely available to the public. Specially at the beginning, limited-edition products instil a sense of urgency. This encourages potential customers to buy your products before you run out of them.

3. Coming up with unique seasonal offers-

Designing unique seasonal offers can also help you increase your sales. Seasonal offers, on the other hand, are deals that are available to everyone for a limited time but can only be used by certain people.

McDonald's, for example, does an excellent job of coming up with special offers for the different seasons. During the autumn in the United States, the McRib sandwich is created. During the Halloween season, Starbucks sells millions of Pumpkin spice lattes to eager customers. Seasonal offers and products that are specific to your niche.

Consider creating a unique recipe for pumpkin sauce and other delectable if you're selling pancakes online. Scarcity marketing can work in your favor if you're just a little bit inventive.

4.Using a sales countdown-

Finally, you can hold a flash sale to generate interest in a certain product range. Unannounced and for a short period of time, a flash sale occurs. People enjoy flash deals because they feel extremely fortunate if they are able to snag one.

As we take the example of Amazon, they launch lightning deals with a countdown system.

You can have a 12-hour flash sale and employ a sales countdown solely for anyone who visit your website during that time. People can learn about it from you by sending them an email or by launching an online campaign.

So, here's a lesson from Social Media Examiner on how to utilize Facebook and Instagram to promote a flash sale!

The bottom line concludes,

The ability to increase your sales by creating a sense of scarcity allows you to do it in a limited time duration. Adopting this method into your digital marketing strategy will increase your conversions in 2021 and beyond. It's guaranteed.

Find the scarcity marketing strategy that works best for your business by experimenting with the methods outlined above. By attaining full potential, test the plan by executing it flawlessly and staying one step ahead of your opponents. You'll be delighted with the final results when the month is over.

SCARCITY MARKETING: EFFECT ON FOOD AND APPAREL INDUSTRY



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Every day, as marketers, we strive to get as many people to see our products and services as possible. Every advantage we can gain in spreading the word is what we seek in terms of return on investment (ROI) on reach and engagement.

Marketers have been striving to "reduce friction" in an effort to attract customers by making things more convenient and accessible in recent years. Because of one-click checkouts and other developments like them, purchasing products has never been easier for consumers.

In scarcity marketing, a product's supply is limited in some way, such as by limiting its availability for a limited period or by reducing production—often both.

When it comes to wanting something we can't have, the idea is sound: we all love to brag about having what others don't. Demand is generated through mystique and enticement in scarcity marketing. A good strategy for creating the hype that every company desires for a product.

Scarcity marketing is frequently used with seasonal products. With their short shelf lives, seasonal products like McDonald's Shamrock Shake and Starbucks' massively famous Pumpkin Spice Latte (PSL!) entice both the loyal and noncommittal client alike. The scarcity mentality is used by some corporations to increase the price of their products while simultaneously increasing demand. Here are three companies that have succeeded in doing just that in the fashion industry.

A whiskey connoisseur's dream, Pappy Van Winkle is. This bourbon, which is only available in extremely small quantities, is among the world's most widely sought-after alcoholic beverages

Whiskey lovers will pay hundreds of dollars for a bottle only to obtain a taste if they're lucky. One of the 7000 cases produced each year. Since there are only a few bottles available, liquor establishments that are fortunate enough to obtain them often arrange auctions. In some states, such as Idaho, the distribution of the limited Pappy Van Winkle supply is even made fair by an annual lottery.=

In Salem, Massachusetts, In a manner reminiscent of the speakeasy era, Goodnight Fatty and Back Alley Bacon use scarcity marketing. These two establishments are only open for a limited time and you get only what they have on offer.

Chef Jon Hamm, the man in the pig mask who serves Back Alley Bacon's secret bits, works out of an unmarked store in New York City (of apparently no relation to the actor). When purchasing via the Back Alley Bacon Facebook page, customers must provide a password and exact change in order to proceed.

However, they are kept in the dark about the cuisine, which heightens the sense of intrigue. "What really helped launch Back Alley Bacon wasn't just scarcity of the product, but scarcity of information," said Don Donato, owner of the North Shore food marketing consultancy Octocog.

Cookies, or fatties as they're known at Goodnight Fatty, are available. The food is classified as "top secret," but each week, they bake three different kinds of cookies as part of the dessert (pro tip: pay extra for bottomless milk). Goodnight Fatty's scarcity approach has worked off: From conducting pop-ups at various Salem locations to having a permanent weekend site and, shortly, a permanent storefront coming this spring, we've come a long way.

Every time someone dons a set of clothes, they do their own advertising. Clothing businesses love it when their items are instantly recognizable; Nike and Ralph Lauren, for example, are so well-known that we recognize them by their logos alone. It's everywhere, and everyone sees it.

Consumers place a high value on their wardrobe if you're in the clothes business. Take use of this knowledge. As a result of its "limited drops," the well-known sneakers Jordans have become highly sought after by shoe enthusiasts all around the world.

Humans are hardwired to go hunting and gathering for food; it was a necessity for our survival in prehistoric times. Anyone with more food or better tools had a better chance of making it out of this situation. Using the word 'collect' is another spin on scarcity, writes author Brady Sadler in his book *Collaboration is King*. Using this word by brands signifies demand, value, recurrence, and adds a creative element to the buying process. It's a way to allow the consumer indulge in their desires while also trying to turn them into a useful outlet. Here are three companies that have used scarcity marketing to turn their items become coveted collectibles.

Balanced Dualism



Rikita Subhra Basu
2027136

Customers' fear of missing out on something important is the basis for scarcity marketing. It's based on the psychological concept that people want things that are tough to have. In stores, there are often sales that are 'ending soon.' Alternatively, they may provide discounts that are only good for a limited time. Some only produce a tiny number of items. Have you ever seen a sign that says, "Buy now while supplies last"? You'll need a hook to distinguish your organization apart from the competition in a crowded market. Lowering expenses may help, but consider an approach that stimulates natural brand conversation and helps you increase the value of your product. Scarcity marketing is all about creating a sense of scarcity.

It's especially frequent in retail, where corporations utilize a variety of exclusivity strategies, such as limited-time discounts, to entice customers to complete the purchase process. It's especially popular in the IT world, where it's used to promote software and devices. Scarcity marketing may be found all over the place. It is, however, a dangerous strategy. Our fear of missing out, or FOMO, This is why scarcity marketing methods work so well (fear of missing out). It's propelled by the explosive growth of social networking, which allows us to connect with people all over the world. However, individuals are becoming more concerned about missing something crucial as their dependency on the internet grows.

Like every coin has two faces similarly no technique can give a 100% assurance of winning. It may work it may not as well. Scarcity marketing as a tool/technique can also bring up negative word of mouth and disadvantages in several ways for the given brand.

Scarcity for low-value products or services can be extremely damaging to a brand's reputation. Creating the illusion of scarcity can appear to be a type of deception. Building a perception of exclusivity can actually drive potential clients away. Of course, there's a chance that the dread of shortage will turn customers off and drive them away. Customer Loyalty is Ruined by False Urgency. Many marketing strategies benefit from creating a sense of urgency. Just checking to see if there is something worth the sense of urgency and fear of losing out on. Some websites utilize a deceptive scarcity approach to entice clients to act quickly before the item sells out. Many of the scarcity-focused methods we've discussed produce a sense of urgency and anxiety, but a countdown timer should only be utilized for very critical matters. Customers may feel as if the firm is forcing them to act rather than allowing them to make their own decisions if you put too much pressure on them to perform. It's a sure-fire strategy to sever ties with long-term clients while manipulating newcomers.

Example - Customers are being unintentionally alienated. Mailbox was an iOS productivity software with a 'controlled roll-out,' which sent invites to small groups of people. You had to wait if you weren't at the front of the queue... For an unspecified amount of time. Even if you weren't invited, you could still use the app to see how many people were in front of you! You've got 20K ahead of you, and then you're in! Well, for the upstart email app, the reaction came fast and hard. Customers who were upset and frustrated with the wait retaliated against Mailbox. People who are still waiting for invitations slammed the app in the App Store by leaving negative reviews.

Here are some takeaways from that disastrous marketing blunder:

- Waiting is something that no one enjoys.
- Customers despise it when businesses treat them like second-class citizens.
- In the end, it's all about perception. Many people still feel the whole thing was staged as part of the app's marketing strategy.

Scarcity principles are a powerful approach to increase sales and profits. Example - In the past, Gap tried to create a strong feeling of urgency in their email subject lines. That didn't work out, and they ended up with a large number of their communications being disregarded or unopened.

When does Scarcity work –

- **Rarity** - While rarity and exclusivity are very similar, there is a slight distinction between the two. The distinction is that with exclusivity, the product's number isn't strictly limited. When it comes to rarity, however, the brand determines the quantity before beginning production. Adidas' limited-edition collections are one illustration of this. You'd find relatively little collections in this catalogue, perhaps as few as three items with restricted quantity. Nike's cooperation ventures are another example. The brands have pre-existing units to sell when they launch. Once the stock is depleted, the product is no longer available. As a result, the "lucky few" who were able to purchase it end up having a one-of-a-kind object. As a result, everyone wants to be one of the lucky few who receives the stuff.
- **Excess Demand** - When demand is inherently higher than supply, this is referred to as scarcity. So, even if the product isn't exclusive or rare, people may enjoy it. Gamers went crazy when the PlayStation 5 was unveiled in 2020. The console's popularity skyrocketed, and supplies quickly depleted before new ones could be built. Customers in this environment of scarcity assume that if a product sells out quickly enough, people must actually enjoy it. It's a sort of social proof that isn't directly visible. If you visit a website and see that a recently restocked set of headphones has a substantially reduced available quantity, it simply implies that the sound and quality are excellent.
- **Urgency** - A countdown is used in this case to propel a product forward. Customers understand that if they do not receive a product or service at a specific time, it is no longer available. In this instance, the units may be significantly less expensive, and in certain cases, even marginally less expensive. However, the promotion is only valid for a limited time. Black Friday sales are a popular example. You observe vast numbers of products you've been abandoning over the past year. However, during Black Friday, you can find a great offer that is only available for a short time. Amazon's flash discounts are another example. Because each deal is time-sensitive, it capitalises on the fear of losing out. Customers are afraid of missing out on this deal, which is why many individuals make impulsive purchases on Black Friday. You can generate scarcity by putting a countdown on your website or only making certain items available for a limited time. Here's a suggestion: combine urgency with a lower price. It is continually attracting customers.

The Psychological Notion



Tushar Mehta
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Customers' fear of missing out on something important is the basis for scarcity marketing. It's based on the psychological concept that people want things that are tough to have. Sales that are 'ending soon' are constantly available in stores. Alternatively, they may provide discounts that are only valid until a specified date. Our fear of missing out, or FOMO, is the reason why scarcity marketing strategies are so effective (fear of missing out). The incredible rise of social networking, which allows us to connect with people all over the world, is fueling it. However, individuals are becoming more concerned about missing something crucial as their dependency on the internet grows.

It's straightforward. Consumers place a higher value on limited-supply items. Alternatively, it could simply be viewed as scarce. As a result, by reducing the availability of the product or service while maintaining demand, marketers can make it scarcer. As a result, they are able to demand a higher fee. That is why scarcity marketing works so well. As supply falls, the equilibrium swings in the marketer's favor. Stephen Worchel conducted one of the most well-known scarcity studies in 1975. Subjects were provided cookies in a container by him and his colleagues. In one jar, there were ten cookies and in the other, there were just two. The individuals preferred the cookies from the jar containing two, despite the fact that the cookies in both jars were identical. FOMO is defined as a "pervasive fear that others are having rewarding experiences that one is missing out on." The 'want to keep constantly linked with what others are doing' characterizes it." Scarcity is based on the belief that others are envious of the product/service, and therefore in order to participate, one must act quickly, as seen in the examples below. However, FOMO isn't always a simple function. We appear to be afraid of asymmetrical control, which is why we want what we cannot have. Women were shown a photograph of their possible dream man in one study, for example. The guy was informed to be single by half of the women and in a relationship by the other half. The results: 59 percent said they'd be interested in pursuing the single guy, but that number jumped to 90 percent when they thought he was already taken. We desire something more if it is rare or unattainable.

There are two sorts of scarcity that you can exploit to boost sales: Scarcity based on quantity (e.g., "Only two seats remaining at this price!"); scarcity based on time (e.g., "Last day to buy!"). Now here are some relevant examples which are discussed below:-

(a) Booking.com

Booking.com excels in many things, including scarcity. Here's a peek at a booking.com website for hotels in Dublin to see examples of scarcity.

There are a couple of scarcity triggers at work here: "This hotel has been booked twice in the last 24 hours for your dates on our site," which indicates that it is popular. "On our site, there are just 6 rooms left," implying that time is running out to book. "Take a look at our remaining available rooms," gives a sense of urgency to the call to action. There is a genuine limit to the number of hotel rooms available because there are only so many. Booking.com gets a thumbs up for accurately, clearly, and persuasively displaying this information.

(b) Amazon.com

This can also be seen in Amazon. For example it can be seen in the image below that "only X remains in stock" warning: an example of Amazon's limited stock. This, along with the shipping urgency play ("Want it tomorrow?"), is a powerful way of encouraging someone to act and prevent losing that rare book I'd been eyeing.

So, to conclude it can be easily observed that scarcity marketing is a technique that is being used extensively by the marketers in which they employing the concept of scarcity to utilize the psychological aspect of the consumer and persuade them to buy their product. It can also be observed from above discussions and examples that this technique has been very successful in recent times and its usage by big companies is on a rapid rise.

A study on how Booking.com uses Scarcity Marketing as one of the Top Tools to achieve its Marketing Objectives



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Introduction

Scarcity Marketing is an advertising technique that plays on a customer's anxiety towards passing up a buy. It depends on the mental rule that we generally need what is sought after and difficult to accomplish.

Theory of Psychological Reluctance recorded an Interview similarly:

Two baby infants were put together with two different toys: One had a plexiglass boundary before it, compelling the babies to circumvent the hindrance to get the thing. The other toy was open before them. The most alluring toy was the one that had the boundary before it. All The times it was recorded, It had children going around the plexiglass & getting the Attractive toy. A similar guideline works in Scarcity advertising.

68% of baby boomer customers say they would purchase something after encountering FOMO, frequently within 24 hours

The scarcity principle instituted by Dr. Robert Cialdini implies that the more uncommon or troublesome it is to acquire an item, deal, or piece of content, the more significant it becomes. Since it is figured the item will long be inaccessible to someone, people are bound to get it than if there was no impression of shortage.

Booking.com

Established in 1996 in Amsterdam, Booking.com has developed from a small Dutch beginning dependent upon one of the world's driving advanced health & leisure organizations. Booking.com's vision is to make it simpler for everybody to encounter the world. By putting resources into R&D that removes the contact from movement, Booking.com flawlessly associates many voyagers to essential encounters, an assortment of transportation choices, and unimaginable spots to remain – from homes to the high-end luxury hotels and substantially more. As one of the world's biggest travel commercial centers for both setting up brands and business visionaries, Booking.com empowers properties throughout the planet to contact a worldwide crowd and develop their organizations.

Booking.com is accessible in 43 countries and offers more than 28 million detailed convenience postings, including over 6.2 million homes, high-end hotel rooms, and another one-of-a-kind beach resort.

How does Booking.com uses the Scarcity Marketing as a Cognitive Bias?

The scarcity effect is an intellectual predisposition that causes people to place a higher value on goods that appear to be scarce while placing a lesser value on objects that are readily available. Subsequently, on Booking.com, there can be visual immersiveness of a couple of rooms accessible more exceptionally than one with a large number of rooms accessible.

How has Booking.com carried out this standard? At the point when attention is paid to a specific hotel room availability, straight away one can see two vital understanding of data that suggest the Scarcity impact:

1. "Booked many times today": It is 10 AM, and right now, 23 individuals have booked today—this shows that this lodging is exceptionally pursued.
2. "To Look Out for!": The site straightforwardly illuminates that rooms in a particular hotel are of incredible interest.

These two visual apparatus of data cause the guest to put a higher worth on the hotel—if everybody needs to remain there, it should be good.

Job Done Yet?

Booking.com then induces a buying frenzy amongst the customers. The Anchoring impact depicts how individuals use the main snippet of data they get as a perspective for making decisions about ensuing snippets of data.

Booking.com shrewdly dislodged the value preceding the markdown (£206) with the goal that it could go about as an anchor. The cost of £156 appears to be more sensible when £206 is your perspective. Without the presence of the £206, £156 would go about as the anchor—the cost each night does not appear as sensible any longer.

Does Scarcity Marketing Work & its ethical concerns?

Making "haves" and "Have nots." This makes a feeling of social predominance or mediocrity — relying upon which one can gather in — and permits one to give some base social impulses something to do for one's business.

Scarcity Marketing depends on one fundamental, basic guideline: dread rouses individuals to act. This can be dread of nearly anything: dread of passing up a significant opportunity, dread of social shame, dread of deficiency.

Nevertheless, if one picks an item or administration with inborn wealth, Scarcity Marketing may dramatically increase the perceived value of your offering, transforming something that could otherwise be overlooked into something that people will fight for.

The work of shortage requests can influence purchasers' mental states, reactance, and feelings. In particular, past research shows that shortage requests can cause a condition of actual disturbance because of the apparent absence of opportunity, and for this situation, the principal focal point of people presented to shortage turns into the craving to satisfy the need left the scarcity strategy.

Conclusion & Usage of Scarcity Marketing in Small Organizations

Albeit the current customer mentality could most likely be best depicted as "Give it to me NOW," one can, in any case, utilize shortage to get more out of your advertising. Late changes in purchaser assumptions appear to have intensified the viability of shortage advertising.

Be that as it may, shortage advertising possibly works if done right. If the attempt to make shortage around an item or administration that is generally accessible or does not have a component of uniqueness or quality, one winds up driving potential clients somewhere else.

It just so happens, two-day transportation and different administrations that enjoy the "I need it currently" side of the market has expanded the adequacy of shortage promoting. Individuals essentially are not utilized to limited supplies or sit tight for something, so shortage has a much more significant effect than used.

This means that one does not need to be a monster organization with a decades-old brand to make shortage showcasing work.

The procurement disappointment of a scant decent improves one's outrage toward the organization. As shortage can improve one's passion express, the inability to accomplish an ideal result might lead towards fault being put on the brand. While writing frequently expresses that, in case of a negative utilization experience, customers may now and again not be able to coordinate fault because of equivocalness.

SELLING MORE BY SELLING LESS



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Every day, as marketers, we strive to get our products and services in front of as many people as possible. We want ROI on reach, engagement, and any advantage we may gain in spreading the message.

Recent years many marketers are attempting to "reduce friction" in order to attract customers through simplicity and accessibility. This has resulted in new inventions such as one-click checkouts, which allow consumers to avoid any form of checkout process, making things more accessible than ever before.

Scarcity marketing is the practice of reducing a product's supply, whether by limiting availability to a specific time frame or by decreasing production—often both. The idea is sound—we all want what we can't have and enjoy bragging about having what others don't. Scarcity marketing capitalizes on this desire by generating demand through mystique and enticement. It's a great technique to ensure that a product gets swept off the shelves with the enthusiasm that every brand desires.

The following are some examples of brands in a variety of industries that have effectively applied this idea.

1. Food & Beverage Industry

Scarcity marketing is commonly used in seasonal products. Seasonal items such as McDonald's Shamrock Shake and Starbucks' enormously popular Pumpkin Spice Latte (PSL!) are high-profile examples of limited-time offerings that appeal to even the casual customer. Some businesses take scarcity to new heights, driving demand—and customers—through the roof. Here are three instances of businesses that have done so successfully.

Pappy Van Winkle

A whiskey connoisseur's dream, Pappy Van Winkle. This bourbon is one of the most sought-after spirits in the world since it is only produced in tiny volumes.

Each year, just 7000 cases are produced, and whiskey connoisseurs would pay hundreds of dollars for a bottle only to drink it if they were lucky enough to find one. Due to a paucity of supplies, liquor stores that are fortunate enough to secure a few bottles hold auctions periodically. Idaho, for example, holds an annual lottery to guarantee that the limited Pappy Van Winkle supply is divided fairly.

Szechuan sauce from McDonald's

In celebration of the release of Disney's *Mulan*, McDonald's released a limited-edition Szechuan sauce in 1998. After the film's promotion ended, the sauce was removed from the menu and drifted into oblivion for many years... until it was included in an episode of the popular sci-fi cartoon "Rick and Morty." The sauce's popularity soared online, and McDonald's capitalized on the buzz by returning it in limited quantities for one day only. Fans and foodies alike queued for hours to get their hands on the sauce, which some shrewd buyers saw as an opportunity to resale for hundreds of dollars online.

2. Design & Apparel Industry

Every time someone puts on clothing or apparel, they sell themselves. Nothing distinguishes a clothing company more than having easily identifiable products—brands like Nike and Ralph Lauren are so well-known that we recognize them just by looking at their insignia. Everyone is aware of it and is aware of what it is.

If you work in the clothes industry, you're well aware of the value consumers place on their wardrobe and how to capitalise on it. Jordans have become famous for their "limited drops," in which sneakers are produced in limited quantities and are highly wanted by shoe fans all around the world.

Humans are hardwired to gather resources; our survival depended on it in the past. The person with the most food or the best tools stood a better chance of surviving. "Using the word 'collect' is another spin on scarcity," explains Brady Sadler, author of *Collaboration is King*. When brands use this word, they are implying demand, value, repetition, and a creative element in the transaction. It allows the consumer to want something while attempting to mould it into a productive outlet." Here are three brands that have used scarcity marketing to turn their products into collectible commodities.

Supreme

The red and white Supreme emblem can be found on the back of a hoodie (or on the back of JR Smith's leg). Due to their devoted admirers and cult-like following, it has become extremely popular in recent years. Supreme has only 11 stores around the world, distributes clothing in "limited drops," and is well-known among celebrities—the ultimate scarcity recipe.

Mondo

Mondo hires artists to produce unique T-shirt and movie poster designs, with a concentration on classic and cult films like "Jaws" and "The Shining." Their posters are so popular that they're nearly difficult to

3. Tech Industry

Scarcity is another synonym for exclusivity. When a company offers something unique, it piques people's interest in standing out from the crowd. The entertainment and tech industries have developed a variety of ways to entice consumers, whether it's a collector's edition of a Beatles album or a pure gold iPhone.

find online; they're sold out the second they hit the store.

One Plus

Because of a brilliant, invite-only marketing effort, OnePlus One Plus has become a popular smartphone brand. This not only aided OnePlus in managing demand in their favour, but it also added to the buzz and mystique around the device. After establishing itself as a top-tier brand, OnePlus dropped the invite-only method and opened up their goods to everyone.

Gmail

This is a service that maximum people are aware of it and utilise on a daily basis. Although it is now ubiquitous, Gmail was formerly a highly sought-after, invite-only service. The service's exclusivity helped generate a lot of attention, and it also served as a test run for the email platform. An @gmail.com email address was once a techie status symbol for those in the know, but it is now commonplace.

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