

Basic Bananas Marketing Tip: How to use the law of scarcity in your small business

CHRISTO: Hey there guys, welcome back.

FRANZISKA: Welcome back to Basic Banana's TV. We're coming live to you from the world's only drive-in volcano in Saint Lucia.

CHRISTO: Saint Lucia

FRANZISKA: Yeah, thank you so much.

CHRISTO: There you go.

FRANZISKA: So what we thought we'd do really quickly, a really short tip for you is something called the law of scarcity and this is something that fits in really well because what happens is that, in terms of marketing, when something is scarce, so when something has a limited supply, you want it. And that's what happened with this volcano we wanted to come here, we wanted to get grubby and dirty.

CHRISTO: Bathe in the mud. Ten years younger. Junior, our guide, he told us we'd be ten years younger...

JUNIOR: That's right, that's right.

CHRISTO: ...when we put this on.

FRANZISKA: Exactly. So how can you apply this grubby experiment in your marketing? What happens is that when you have something that is limited, limited amount of seats, or limited amount of an offer you will get more people wanting it. I mean, how many times have you gone to the supermarket and you've bought stuff that you didn't need? I've done it many, many times. I've come

back with chocolate or something that I didn't need. Why did I buy it? Because there was a limited amount of that special offer available.

CHRISTO: Anything that's rare, like diamonds, jewels, even the online websites at the moment like Groupon, they have the special deals with a limited number, everybody wants to buy them. You can see this place, it's packed. There's people lining up to go and get muddy. Check it out.

FRANZISKA: Because it's scarce, it's limited.

[CUT BACK TO STUDIO]

FRANZISKA: So how does it apply to your marketing?

CHRISTO: How does getting muddy apply to your marketing?

FRANZISKA: Or muddy maybe, or maybe the law of scarcity? And now we wanted to share with you two ways. Mainly, how you can apply this law to your marketing and really making sure you do it in a very ethical way. That's the most important thing. Don't abuse this law because it's powerful and we don't want you to have a bad reputation.

CHRISTO: Yes

FRANZISKA: There's two ways, you can either do limited amount, so scarcity on the time or scarcity on the numbers. So you've got a couple of examples haven't you.

CHRISTO: Yes, exactly. So if you have a limited amount of products then people go crazy because they want it. Like Boxing Day sales, when at the end, after Christmas, we know that there's a limited supply of things available that are going to be at a discounted rate and it creates a frenzy. Also in terms of time, things like on a website when you see the countdown timer ticking away you can see that when that timer finishes their offer is over. So having a limited time available for an offer. Like, let's say you're going to provide someone extra value, you've got something on sale if it's for a limited time and people know that that offer is coming to an end, the door is closing, then people want to take action. They want to get it, we don't want to miss out because once it's closed its gone.

FRANZISKA: Exactly, so apply it to your marketing and let us know how you go. And even better, if you do have an idea of how you can add this principle and use this principle in your marketing please share your idea below. It could be that you are releasing an event, and you only have a hundred tickets available. It has to be true, remember don't lie. So you have a hundred tickets available, so use that in your marketing. Don't say unlimited supply. Use that and say you've only got a hundred tickets or maybe use a countdown and say "now we've only got thirty tickets left" if it's true. So share below on how you're applying this principles maybe already in your marketing and, that's great props...my little prompter here. And then share with us, we want to hear from you.

[CUT BACK TO VOLCANO]

CHRISTO: You can come closer and we'll talk. He's still clean at this stage.

MAN: This is the before and after shot.