

The Power Of Real Scarcity And Real Discounts

- Gene Monterestelli, Master Coach

Here in the United States the home furnishing store Bed Bath & Beyond has made news because they are ending the practice of their famous 20% off coupon. The reason they have decided to do this is because they have been offering the coupon so often that shoppers now know to look for them and will only purchase when they have access to the discount.

I read a story where savvy shoppers were finding ways to not only get 20% off one item (which is what the coupons are for) but for their whole purchase.

I know the same thing to be true with one of my favorite clothing retailers, Banana Republic. Every few days I am sure to receive a discount coupon via email OR if I wait until the end of the season I will be able to get anything I want for 60% of the original price.

These are examples of retailers trying to use a discount to get us to buy more from them, but ending up just getting us to buy more from them at a discount.

Using limited time discounts and scarcity (for example: "I only have 8 at this price") can be a powerful tool for your business, but you need to use them thoughtfully. Here are a few guidelines to help you get the most out of these tools.

Make Sure It Is A Meaningful Deal

Just because something is discounted doesn't mean that it is actually an enticement. You need to make sure the discount is sufficiently significant. The rule of thumb I use is the discount either needs to be at least 30% off or at least \$50 off.

Make The Time Limit Very Clear

For many people missing out on an opportunity is a bigger incentive than a discount. That is the reason why limited time offers are so effective. In the last year, every time I have offered some type of digital product or course I have made as many sales in the last 72 hours of the offer as I did in the first two weeks combined.

When I am selling something online at a discount my regular pattern is to offer the sale for two and a half weeks. I send the first email announcing the sale on a Monday. Not

ATTRACT CLIENTS ONLINE

only do I announce the discount price I also announce when the discount will expire. Two and half weeks later is two weeks from Thursday.

The next Monday I send the exact same email. This time I am letting them know the sale ends one week from Thursday. (You may remember that I send the same sales email three times.)

On the next Monday I make it clear in my subject line that the discount is "ENDING THURSDAY". The text of the email, again, is exactly the same except I am letting them know that at midnight on Thursday the sale will close.

On Thursday at midnight the sale ends. If people contact me after the fact I apologize and let them know they are too late. (Below I will explain why.)

If this is an evergreen product (meaning it isn't something that is seasonal, but can be bought any time of the year) I will only discount it in this way at the most once every nine months. Unlike our friends at Banana Republic and Bed Bath & Beyond we don't want to train our audience always to expect everything at a discount.

If our audience is trained to know that everything will always be on sale then we are devaluing the worth of our products in their eyes.

If There Is Scarcity, Let Them Know

When we use the word scarcity in sales we are talking about how there is a limited number of something. You can use scarcity for the number of products and services you are offering. For example:

>>"I only have room for 8 people in my program."

You can also use scarcity to the number of discounts you're going to offer:

>>"The first 10 people who contact me will receive 50% off the purchase price."

When I am selling packages that involve my time I love using this type of scarcity because it helps people to understand the value of what is being offered. Here are the two examples of how I use scarcity to tell the story of the value being offered.

>>"By signing up for this program you are going to get time with me once a week. Because there are only so many hours in the week I need to limit this program to just

ATTRACT CLIENTS ONLINE

eight people. I want to make sure that every person who is willing to invest in a program like this will get the time and attention they need in the form of support from me. Once those eight slots are filled I will not be able to accept any more clients."

>>"I am limiting the course to only 12 participants. For most of you, we're going to be covering new material which will force you to think in new ways. Because of this I'm anticipating that you'll have lots of questions. By keeping the class size small I'm ensuring that there will be enough time to have all your questions answered each week."

In both of these cases I am using scarcity in two ways. First, I am showing that what I am offering is more valuable because you will not be lost in a sea of other customers. Second, if you are on the fence I am letting you know that you need to act soon or you will miss the opportunity.

Be Honest About The Offer

I think there are three very good reasons only to use these tactics in an honest way.

First, you will sleep better at night because you are being an honest broker. If you are honest with these small transactions, then you are setting yourself up to be honest with the larger ones.

Second, being honest will make you more trustful. And yes, I mean trustful, not trustworthy. Let me explain with a story...

Years ago there was a very beautiful woman I was smitten with who lived on the other side of the country. We had met months earlier and the attraction was mutual. By the time we were in the same place again she had a boyfriend.

We spent a really lovely evening together, where again there was a connection. We found ourselves kissing at the back of a bar. All of sudden she stopped and said, "If we do this now and somehow in the future we end up together, how are you going to trust me? If I am kissing you while I have a boyfriend back home then we are together you will have that in the back of your mind knowing I might be doing the same to you."

If we act in a dishonest way then we will always be looking for others to be dishonest as well. I am not saying that there aren't dishonest business owners in the world. Of course there are! But when we are dishonest then we are predisposed to assume dishonesty even when there is no reason to believe so.

ATTRACT CLIENTS ONLINE

Third, consciously and unconsciously our audience notices when we are being dishonest. Currently, in the United States two companies are pushing something called "daily fantasy". Daily fantasy is a hybrid of sports gambling and fantasy sports. In the last three months the two companies have spent a combined \$150 million on advertising.

I was listening to one of the ads which ran in the middle of one of my favorite sports talk podcasts. The scarcity they used was "The first 50 people who use the promocode 'Tony' will receive a 100% bonus for every dollar you deposit into your account up to a value of \$200."

The podcast receives over a half a million downloads a month. I find it hard to believe that a company that is spending as much \$75 million in advertising to an audience of that size will limit their offer to only 50 people. It is an offer that doesn't ring true, therefore it doesn't feel like an offer at all.

We live in a time of constant marketing. Your audience is very savvy. They know when you are being honest with a discount or scarcity. If you are dishonest you are going to turn people off.

Don't Be Ashamed To Use These Tools

After reading the last section I am sure that there are a number of you who don't want to use these tools because you don't want to be one of those sleazy, dishonest sales people. You know how much you hate when people use tricks and tactics on you to pressure you to buy products and services you don't want.

I can appreciate that point of view and of course you don't have to use discounts or scarcity. I can only share with you with you why I do it.

First, I am honest with any offer I make. Not only am I honest, often times I am very explicit in explaining why I am doing what I am doing. I will tell my audience that "yes, I am serious about the fact that I am only going to work with eight people even if more want to work with me." I will share, "yes, I am offering this at a discount as an encouragement for you to buy. I know there are lots of people who always have everything on sale all the time. I am not one of those people."

ATTRACT CLIENTS ONLINE

By speaking directly to my audience about why I am doing what I am doing, even when they don't buy from me, I am building their trust because they know I am a straight shooter.

Second, even though I'm a very good copywriter and a good marketer, I know that I am not so good that I could trick you into doing something you don't want to do. I am good, but I'm not that good.

Third, I trust my audience. I know my audience is well educated and well informed. They have been reading marketing materials their entire life and they are in charge of their decisions. They are going to do what is best for themselves.

Finally, I believe in what I have to offer. I know that I don't have to use some marketing trick to get you to invest. I know that I feel like a sleazy marketer when I don't trust what I am offering. When I know what I am offering will serve my audience then I am comfortable making the offer at full price or a discount.

Just because other people misuse these techniques doesn't mean that you will and it doesn't mean your audience will either. If you use these concepts in an honest and transparent way then it will help your business, it will help your sales, AND it will help your audience because they will take advantage of the amazing offerings that you have.