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Episode 481: Mindy Weinstein: The Power of Scarcity in Marketing

Air Date: February 8, 2023

[0:00:06] **Dori Nugent:** What makes us buy the things we do? What triggers the fear of missing out, also known as FOMO. These are real questions that marketing directors in the fitness industry need to ask themselves. And today, our guests, she'll be able to answer them. Stay tuned for an enlightening episode about scarcity marketing here on the Fitness Business podcast. If this is the first time you've listened to the show, welcome to the Fitness Business podcast.

[0:00:40] **Dori Nugent:** If you're curious about our other episodes, head to fitnessbusinesspodcast.com, where you can scroll through our entire catalog of shows. There are over 480 episodes to choose from if you're a regular listener. Thank you and welcome back. I hope you're having a great day and thank you for joining me. I'm your host, Dori Nugent. And please welcome to today's show, author of The Power of Scarcity, Mindy Weinstein.

[0:01:17] **Dori Nugent:** Mindy is here to explain what drives people to purchase and how to effectively use the four different types of scarcity when it comes to marketing. Mindy's episode will start in less than two minutes. First, a huge thank you to Issa for supporting our show Healthclub Leaders.

[0:01:36] **ISSA Rep:** You work hard to ensure your members have the very best fitness experience, right? You need personal trainers who do the same. Become a preferred partner with Issa, and we'll deliver the best trainers in the industry to your club in a matter of days, fully certified and ready to work. And we'll help you keep those trainers by offering them

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[0:02:25] **ISSA Rep:** Get your pen ready now for keep mes fitbisparation.

[0:02:31] **Dori Nugent:** Hey, Mindy, what are your top three tips for using scarcity in marketing?

[0:02:37] **Mindy Weinstein:** Yeah, so to narrow it down to three, so I would say, number one, positioning your messages when it comes to scarcity as a potential loss versus a potential gain. Meaning if you have a certain promotion, show what the price is with that promotion and what it will be after the promotion. The other thing that I would recommend, too, when it comes to scarcity and applying it is mark which particular memberships are the most popular?

[0:03:07] **Mindy Weinstein:** That is going to signal demand related scarcity, and that's going to help people make those quicker decisions. And then the third one, which I love, this one is make things exclusive, have exclusive events, exclusive challenges, things like that, that are going to really make people feel special and part of a community that is scarcity. And it draws those people in who want to feel like they belong and they're part of something.

[0:03:32] **Dori Nugent:** Coming up next week, JT will interview Anthony Vanar. JT will be joining the hosting team in a specialty episode entitled Current Affairs. After this week's full interview with Mindy, you'll get to meet Anthony in the Quickfire Five segment. Myzone has pioneered unique wearables with talking point technology that makes the difference reach more members of your community and keep them engaged for longer through motivation and gamification wherever they choose to work out in the gym, at home or outdoors.

[0:04:07] **Dori Nugent:** We're stronger together. Get in the zone@myzone.org. Let's get started with today's interview.

[0:04:15] **Dori Nugent:** The power of scarcity and marketing is our topic today, so we brought on industry expert Mindy Weinstein.

[0:04:23] **Mindy Weinstein:** Thank you so much for having me today.

[0:04:25] **Dori Nugent:** Not quite a resume. You're an author, a founder, a doctor. You should be very proud of yourself. That's amazing.

[0:04:34] **Mindy Weinstein:** Congratulations. Thank you. I keep busy. You saying all that. I'm like, wow, yeah, no wonder I feel so tired.

[0:04:42] **Dori Nugent:** It's funny because most of our I should say all of our guests are very accomplished on the fitness business podcast. And every once in a while I get done my interview and I walk away and I'm like, what am I doing with my life? To do more, I need to build my resume. Well, we've got a cool topic today. We've talked about marketing many times here on the fitness business podcast, but you're going to talk about the power of scarcity in marketing.

[0:05:11] **Dori Nugent:** I feel like this topic is very relevant and relatable both to the business owner and the consumer. Would you agree with me on that?

[0:05:21] **Mindy Weinstein:** I would. And I would just even just like to right away just define some things for you. Because as I was working on this book, it was really interesting. Because when I would tell people that, oh, I'm working on a book about scarcity and how it's used in marketing and the business aspect, I would get a lot of reactions with people that are like, oh, are you just talking about those emails I get that say selling out fast or buy now. Those are so annoying. I mean, that's usually the first thing that I hear.

[0:05:51] **Mindy Weinstein:** But really scarcity is not just that. Those are a couple of examples, but it's so much deeper than that and there's so many different types of scarcity. And as I was researching this topic, it's what got me so interested in it that this is so multilayered. It's like pulling back an onion when you think you're done and you're almost to the center, like, there's even more to learn. And so with that, just a few of my I'll tell you even why scarcity? Like, why did I study scarcity and write about this?

[0:06:21] **Mindy Weinstein:** Well, when I was working on my PhD, I have a marketing background, but my PhD is in psychology, and I love how you worded it. Yes, I did want to understand a little bit better what motivates people. I'm not going to lie. That was a big, huge factor for me, pursuing that degree. But with my dissertation, I knew I wanted to focus on something that was related to what drives people, what influences us. And as I was studying that, I realized that out of all the influence factors, scarcity is really the strongest because it's primal.

[0:06:53] **Mindy Weinstein:** When you think back to our early ancestors, they faced scarcity. They had scarce resources. They were trying to survive. And our brains are therefore hardwired to try to overcome scarcity. And we can talk about how the brain works in just a little bit. So when I think about scarcity and how all this works, it's really unavailability. I mean, that's the basic definition. So when I'm saying that, I'm not talking about the economics of scarcity. I am talking about the psychological perception that something is unavailable or hard to get.

[0:07:24] **Mindy Weinstein:** So with that, there are four different types of scarcity that are used in marketing today. There is demand related scarcity. So that's where you'll see things like most popular or selling out due to high demand. Then you'll see things so totally

popularity. I mean, just think that demand popularity. Then there's supply related. And that could be a distribution shortage, but it could also be an intentional restriction.

[0:07:50] **Mindy Weinstein:** And we see that in services, and we also see that in certain markets of goods, like luxury products, they purposely limit what they have. And then you have a limited edition, which is actually part of supply related. But that's just a twist on the original. But it's still scarce because there's only so many of those limited edition products or service bundles. And then finally you have time related. And I feel like that's the one that I give those examples like Buy Now. I mean, that's time related scarcity. So it's a restriction on time, and we are competing with the clock when it comes to that.

[0:08:26] **Mindy Weinstein:** So a lot of different brands use scarcity, and some use it effectively and some don't. So it's just really important to understand the different types.

[0:08:36] **Dori Nugent:** So you mentioned there that in some cases or many cases, scarcity does work. So how does a business kind of separate it from the Peter cried wolf? Because you're using it constantly and all the time to being genuine about it.

[0:08:54] **Mindy Weinstein:** Yeah, and so that's the key to what you just said about being genuine. And that is something that I really try to preach with all of this. So let's look at some of the different examples and then kind of dissect it from there. I think one of the brands that we all know that is really good when it comes to scarcity marketing is McDonald's. And McDonald's, okay, we could go down different roads on what we think about McDonald's, but they come out with a lot of limited editions and limited time offerings.

[0:09:26] **Mindy Weinstein:** They came out with their adult Happy Meal. I don't know if anyone tried to get into that frenzy not that long ago, but they came out with this adult Happy Meal. People don't know what it is. And it had toys that were more like throwbacks nostalgic. Reminds us from our childhood, those sold out right away. There was lines of people trying to get them. I happen to be at McDonald's with my boys and I would never order happy meal, but I actually tried to order one of these adult happy Meals and I was told that, oh, we don't have any more toys left.

[0:09:59] **Mindy Weinstein:** Oh that's okay, I'll just take it without the toy. And they told me no, like what am I going to do? But then I went on ebay and realized people were even selling the boxes that they came in. They were selling the toys for thousands of dollars and they were actually moving on. There the limited edition but also limited time. So they combined it together. And I interviewed the former vice president of global marketing for McDonald's. He had been with the company for 40 years.

[0:10:23] **Mindy Weinstein:** And he talked about the fact that they would use scarcity like that to create excitement and to create fun with customers. They can have those products year round or there's offerings, but instead it's just periodic. It gets people talking about it and it's fun for them. But then there's other companies that use a scarcity to really build

community. And I think about that very much in anything that's like membership oriented because those are communities in and of themselves.

[0:10:53] **Mindy Weinstein:** And when it comes to membership, if it's exclusive and you really try to make people feel special as being part of this club or part of membership, well that is actually supply related scarcity because it's exclusive and it speaks to a certain person and then time related that's one again, we know pretty well. I mentioned the limited time offering with McDonald's, but we see countdown timers on websites. Think about Amazon, especially during Cyber Monday, Black Friday, you can see countdowns on their lightning deals.

[0:11:28] **Mindy Weinstein:** All of those are examples of scarcity. But if you keep using the same type of scarcity over and over and over again. So let's say that you do a promotion, which would actually be a time related scarcity approach. If you keep doing a promotion all the time, what's going to happen is after a while your customers are going to just value your product or your service at what the discounted amount is, because that is what you positioned it as.

[0:11:56] **Mindy Weinstein:** So you have to mix things up. And that's what's so great about scarcity marketing is that there are different types. So you could do something that are an exclusive event and that's supply related. You could do a promotion and that's time related. You could do all these different things. You can show best selling packages that's demand related, so there's different things you can mix it up. And what's really great about so many of these things, you can tell I get really excited about scarcity is that doesn't cost a lot of money. A lot of things are just rewarding.

[0:12:28] **Mindy Weinstein:** An exclusive event, yeah, that's going to cost you some money, but just rewarding. Like, this is our most popular package that doesn't cost you money, and that's showing demand related scarcity.

[0:12:37] **Dori Nugent:** All right, so what do you think? Which generation falls for scarcity marketing the most? Do you have any idea?

[0:12:47] **Mindy Weinstein:** So it's actually more age based than anything else. So we have seen through research that as early as six years old, we've seen research that shows that we fall for scarcity. It's amazing. But then as you age and you get closer to retirement years, scarcity approaches and tactics don't work as well with you because at that point in your life, you're loyal to certain brands and products, and so you're like, so that's selling out. Like, I don't care about that brand because this is the brand I use. And so that's the big thing.

[0:13:22] **Mindy Weinstein:** I will tell you, however, we know through research that when it comes to trying to reach millennials and Gen Z, they tend to be drawn to supply related scarcity. Because the thing is, with supply related scarcity, there's only so much to go around. And so when someone gets something that's hard to get, they feel special and unique, and it's a form of self expression. So it's really big for people who have a need for uniqueness.

[0:13:48] **Mindy Weinstein:** And they'll be posting about on social. They'll be like, showing things off to their friends. And so that type of scarcity definitely speaks to that group.

[0:13:56] **Dori Nugent:** So even though you have your doctorate in psychology and you're the founder of a digital marketing firm, I do believe that you fell trapped to the scarcity tactic over a 40 ounce, I'll say water bottle or beverage holder. Let's hear that story. Oh, there it is. Family. For all of you that can't see it, she's now holding it up. But just quickly tell us, oh, gosh, you fell for it and you're an expert at it.

[0:14:29] **Mindy Weinstein:** I didn't know you were going to call me out on that one. No, I'm the first to admit. So to me, it actually shows them how powerful scarcity is. So, yeah, I've studied it for years in my own research. I had studies that were published. I write about it, I teach about it. I'm a marketer. I still fall for things. And so what I just picked up was the Stanley 40 ounce clencher. And what was so ironic about it is I was at a friend's house for dinner and she and I said, oh, what a neat cup. It's 40oz. I mean, this thing is huge with the lid and straw and everything.

[0:15:02] **Mindy Weinstein:** And she goes, oh, you didn't hear about I'm so surprised. They're hard to get. They keep running out. Of course, now I want one. I didn't believe her, but I went online. I'm like, oh, sure enough, they're running out. I don't even know if I should admit this on record, but I'm going to admit it anyway. I actually signed up to get text alerts for when they got restocked. I was in class, so I had a class in session, and I get the text message that it's back in stock. But the students were working on a group exercise.

[0:15:32] **Mindy Weinstein:** I might as well buy my Stanley Cup right now. But, yeah, you can still fall for it now feel very hydrated. I drink 40oz of water, like multiple times a day because I'm carrying this huge cup around.

[0:15:43] **Dori Nugent:** I'm going to ask you, was it worth it?

[0:15:47] **Mindy Weinstein:** Well, I have to justify it now to myself, right? My husband's listening. It was totally worth it.

[0:15:55] **Dori Nugent:** I didn't mean to put you on the spot.

[0:15:57] **Mindy Weinstein:** I love it.

[0:15:58] **Dori Nugent:** A good story. All right, doc. Now we're going to put your doctorate degree to the test here on this question. And that is what's actually happening to the brain when a consumer experiences scarcity such as yourself.

[0:16:14] **Mindy Weinstein:** So this is really what drew my attention to this topic. Because as I was starting to dig into research, I realized that it's not just us talking about there was a focus group and this is the reaction to scarcity, or there was a questionnaire or a survey not discounting those research types because you can get some great information. But there have been studies done that use MRI scans. So actually looking at the brain.

[0:16:39] **Mindy Weinstein:** And there's two different studies that I want to mention to you because it really shows how our brains are really, again, hardwired to overcome scarcity. So there was one study that was done, and what it was looking at was really the decision making process when faced with scarcity. And I'm not talking about faced with scarcity like water or food is being withheld or the fear of that. I'm talking about an auction, simulation, things like that.

[0:17:03] **Mindy Weinstein:** And it was found in the study that when faced with a scarcity situation, the part of the brain that involves decision making started lighting up right away. And it also showed with the activity in the brain that the normal steps that would have been taken in the decision making process were just skipped, which means that scarcity led to a quick decision, or as I like to put it, a mental shortcut. And so our brain, because again, we are conditioned to not have to face scarcity, was, this is scarce, I need this.

[0:17:35] **Mindy Weinstein:** I'm not going to take into account any other information. And that was part of it, too. Is that the way the activity in the brain was working? Is that the other information that didn't support the decision was ignored? So fascinating. But then the other scams that I want to talk about, this really involved value. And so same thing brought in participants who were faced with a scarcity condition, again, a product.

[0:17:59] **Mindy Weinstein:** And the researchers watched the brain activity. Now, in that particular study, what they saw is that the part of the brain involved in the valuation process lit up right away, meaning there was a lot of activity. And the conclusion from the study is that when we see something that is scarce, we actually pretty much do an equation in our brain. Scarce equals value, scarcity leads to higher value. And you see that even in the secondary markets. That doesn't seem like a huge argument. But the fact that the brain is acting this way, it shows how strong of an influence scarcity has on us. And again, those two studies, that's really what opened my eyes. I thought, oh my gosh, this is just crazy to how our brains operate.

[0:18:47] **Dori Nugent:** So the fear of missing out, also known as FOMO, can be very powerful and very real. So if FOMO truly is a real thing, how can we use the fear of missing out to get people to join gyms or buy personal training in our clubs?

[0:19:07] **Mindy Weinstein:** Yeah, I love that question. So just so everyone knows too, that's the buzzword that's used to describe this concept, but it's actually based on a deeper psychological principle known as loss aversion, which we are in. The way we're made up as humans is we are very averse to any kind of loss. We want to take steps to avoid a loss. And so we have seen through research that if you frame a message a certain way, showing that it's a potential loss versus a potential gain, that there will actually be a stronger response because people want to overcome any kind of loss. And so in the sense of, let's say, marketing, gym memberships or personal training, one of the simple things to do, and some companies do this, they don't even realize that they're actually applying a principle to really bring in loss aversion showing how much the price is right now for membership at this

particular promotion and what it will be when the promotion ends. Putting them side by side shows loss and the potential of missing out on this deal.

[0:20:18] **Mindy Weinstein:** Not having what the future amount is, then the person just looking at this is like, oh, this is great, it's potential gain, but you have to position it as a potential loss. You can have this great pricing, but this is what it's going to be after if you don't sign up or things like that. So I mean, with either of those, whether it was personal training or just membership services, show what it is now and what it will be after.

[0:20:42] **Dori Nugent:** Okay, good advice. People often talk about choice anxiety these days. And one of the reasons scarcity might be so effective is that it can help narrow down these choices. It seems easier to choose a certain purchase if we know there is a limited supply or if it's available for a limited time. As consumers, do you think we value freedom of choice or do we really want the choices to be made for us?

[0:21:14] **Mindy Weinstein:** Well, we would say that we value the freedom of choice, but that is not what our brains want. We're bombarded with information and our brains today are always looking for mental shortcuts. And I'm not just throwing out a blanket statement. I mean, this is proven in research. And so because of that, that is another reason why scarcity messages are so strong and powerful. And think of it this way too. Let's say that you're at the store, the grocery store, you're buying a product you haven't bought before. So it's a category you're not familiar with.

[0:21:46] **Mindy Weinstein:** If you go to the store and you're looking at the brands and the price is similar, the particular item, that there might be only one or two left in that brand versus the others, you're going to pick that one because your brain takes a mental shortcut and it's like, that's the choice that I'm going to make. Because that many people can't be wrong, that many people wouldn't be buying that product. So that's just more hypothetical. But I will tell you, I talked to the founder of 1800 Flowers. And so I know it's a completely different business, but still this principle I'm about to tell you, or this example would apply to those listening here and what they do on their website.

[0:22:22] **Mindy Weinstein:** They have all these different arrangements. It can be very overwhelming knowing what to purchase. And so 1800 Flowers, they will mark on there which arrangement is most popular or bestseller. It doesn't cost them anything to just add that label. But during my interview, what was explained to me is that increases the purchase of that arrangement. And they said they do it to really help people. Someone doesn't know what to buy. Like this one's popular.

[0:22:48] **Mindy Weinstein:** So same thing if there's a certain type of level of service or a membership, just saying this is the most popular one, more and more people will pick that. And there's been other research studies that have shown it like showing that there's like a particular dish on the menu at a restaurant and you put most popular, well, that's going to be the one that people choose. Because we like to say that we value freedom of choice, like I started, but we still want our choices to be a lot easier for us.

[0:23:14] **Mindy Weinstein:** I think you read my mind because.

[0:23:16] **Dori Nugent:** I was going to ask you exactly that, like how you felt. And we'll use gyms, for instance, and memberships, that if there's three different offerings, if they did highlight one out of the three as the most popular, most often chose, what does that do to the brain? What does that tell the consumer? Do they even look at the other two? If it's already kind of pointed out, like you feel like there's this lighted arrow pointing out like this is the one, choose this one.

[0:23:44] **Mindy Weinstein:** It is almost like the lighted arrows, yeah, pointing to it. Because that's also a form of social proof. So it's showing high demand is what it's doing. Like, this is the one that's in demand, but it's also social proof showing that people choose this one. So you don't mind not just be looking at the different options, going, oh, I choose this one, because a lot of it's subconscious. You just look at that list and be like, oh, I want this one again. That many people can't be wrong choosing that particular package or that membership.

[0:24:16] **Mindy Weinstein:** Good.

[0:24:16] **Dori Nugent:** Well, follow the people, right? They must follow the people, right?

[0:24:20] **Mindy Weinstein:** They must be.

[0:24:31] **Dori Nugent:** Mindy, thank you for sharing your knowledge with all of us. And since this is your first time on the Fitness Business podcast, I'd like to welcome you to the SBP family follow up questions for Mindy. Head to the show notes for Mindy's contact information. She told me personally that she would love to hear from you, so please take the opportunity to ask her questions. Fitnessbusinesspodcast.com is where you can find the show notes. Hey, and while you're there, click on that subscribe button so the show Notes will be delivered directly to your inbox each and every week.

[0:25:05] **Dori Nugent:** Coming up in 30 seconds, anthony Vanar from Fit Insider is the quick fire five guest g'day.

[0:25:13] **JT:** It's JT here, and I was talking to Blair Mccainy, the CEO of one of our sponsors, MX Metrics, the other day, and I gave him a hard time about his company's tagline defeating Mediocrity. By definition, that means he's excluding the majority of the market, but Blair just wouldn't bunch. He only wants to work with operators who want to punch Mediocrity in the face, really smash it. So I've talked to a few of his customers, like Joe Surelli from Gainesville Health and Fitness, and, yeah, it's for real.

[0:25:46] **JT:** While Joe is a nice guy, he isn't satisfied with Mediocrity either. He's crushing it as well. So I'm still dubious about selling only to operators who want to defeat Mediocrity. But if this resonates with you, I reckon you should check them out. Go to Mxmetrics.com. But remember, only if you're interested in smashing Mediocrity.

[0:26:11] **Dori Nugent:** Quickfire five, sponsored by Hapana. All right, Anthony, your quickfire questions, sir. Number one, what is your top guilty pleasure?

[0:26:23] **Anthony Vennare:** Pizza.

[0:26:28] **Dori Nugent:** You put pineapple on a pizza?

[0:26:31] **Anthony Vennare:** No, I'll eat it. I feel like I'll eat anything pizza, but I mean, if it's going to be pizza, it's pepperoni pizza for sure. And it's a lot of it lovely.

[0:26:40] **Dori Nugent:** I love that. What's a habit or action that you do to keep productive at work?

[0:26:47] **Anthony Vennare:** Walks, taking a morning walk, getting out, getting moving first thing in the morning to start the day, I actually walk down to a coffee shop locally. Here, doing that as like, a morning ritual is make sure you're good and going and focused.

[0:27:01] **Dori Nugent:** I love it. What's an activity that you do that calms you down?

[0:27:07] **Anthony Vennare:** Listening to podcasts. There's a few comedians that I like kind of the non business related, just funny stuff podcast. I'm big into stand up comedy, so listening to a few of those podcasts and usually back on a walk doing that is a good way to relax.

[0:27:23] **Dori Nugent:** And question without notice. Have you done stand up comedy?

[0:27:28] **Anthony Vennare:** I have not, and I never will.

[0:27:31] **Dori Nugent:** Is there a book that you recommend for our fitness business podcast family to read?

[0:27:36] **Anthony Vennare:** Yeah. The Comfort Crisis. Michael Easter. Really good book. He's a great guy.

[0:27:40] **Dori Nugent:** I don't think we've had that one. So thank you. That's a great one for sharing. And this is your chance for a 32nd sales pitch on why people should come back next week and listen to your full interview.

[0:27:52] **Anthony Vennare:** Oh, man. Just to hear kind of our thoughts around the fitness industry. We live it, breathe it, have spent our entire careers in it. And my brother and I, who's a co founder with Me and Fit Insider, are writing thousands of words a week on the topic and putting that research together. So hopefully we can provide some insights.

[0:28:10] **Dori Nugent:** I bet you will. I'm looking forward to next week's, Shy. Thanks, Anthony.

[0:28:13] **Anthony Vennare:** Thank you.

[0:28:23] **Dori Nugent:** Next week, our in house Aussie takes over. That's right, JT will be hosting next week's show. JT sits down with guest Anthony Vanar, founder of Fit Insider. I taught JT everything he knows, so I'm confident he will do a fantastic job.

[0:28:43] **Dori Nugent:** See you soon, FPP family.

[0:28:45] **Dori Nugent:** Before we end our show, I just want to say a few thank yous. First of all, thank you to our founding partner, Active Management. Our partners keep me, my Zone, Issa and Hapana, as well as our Advertisers Rex, Roundtables MX metrics and vaporfresh. We believe what you leave behind is not what's engraved in stone monuments, but woven into the lives of others.

END OF EPISODE