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The Heat Is On

If you want it, here it is, come and get it
Mm mm mm mm, make your mind up fast
If you want it, any time, I can give it
But you better hurry 'cause it may not last
Paul McCartney– “Come And Get It” (1969)

The Wall Street Journal reported this month that for the first time in over a century, production of “Sweethearts,” the iconic heart-shaped candy with romantic messages, had stopped. The candy-maker went out of business, and the loss created an urgency among faithful fans who scrambled to find the last batch in time for Valentine’s Day.

This story illustrates the persuasive power of “scarcity.” Social psychologist Dr. Robert Cialdini identified scarcity as a principle of persuasion that influences us to say “yes” to the requests of others. One would expect that in making a decision, people consider all the available information to guide their thinking. But Dr. Cialdini notes that the reality is very often different. In the increasingly overloaded lives we lead, more than ever we need shortcuts or rules of thumb to guide our decision-making. The scarcity principle is one of the universal shortcuts that guides human behavior.

Simply put, people want more of those things they can have less of. In 2003, British Airways announced that they would no longer operate the twice daily London to New York Concorde flight because it became uneconomical to run. The next day, sales took off. Dr. Cialdini notes that nothing had changed about the Concorde itself. It didn’t fly any faster, the service didn’t suddenly get better, and the airfare didn’t drop. It had simply become a scarce resource. As a result, people wanted it more.

Our reaction can be explained as a form of loss aversion. The scarcity principle drives negotiation deadlines. It’s not enough simply to tell people about the benefits they’ll gain if they accept your offer. You’ll also need to point out what is unique about your proposition and what they stand to lose if they fail to consider your proposal. To be effective, a scarcity claim has to be credible. There should be some actual reason for a deadline or a claim of limited availability. Otherwise, it’s just posturing.

People don’t like to feel threatened, but they don’t mind being warned. Instead of making a threat to take an offer off the table unless it is accepted, express it in terms of a warning with an explanation. Perhaps an offer available today will not be available after a critical deposition, dispositive motion, or after the client incurs more fees and costs. Or perhaps the settlement reserves formula is revised each quarter, and after today a new formula will apply.

Use psychology, and justify a scarcity claim with a credible warning to help close the deal.