Lunch Price Choices

How incentives shape decisions at a street festival

E.C.3.7 "Explain how people's own self-interest, incentives, and disincentives influence market decisions."

NAME _____ DATE _____

1 READ AND MARK

Read it twice

YOUR JOB Underline each person's goal, circle an incentive or disincentive that affects that person, and number the decision the person makes. Use your marks to explain why each choice makes sense to the person making it.

A Discount at the Festival

1. At a Saturday street festival, Maya has $18 for lunch. A sandwich costs $12, while a rice bowl costs $10. Maya prefers the sandwich, but the bowl leaves more money for a drink. When the sandwich stand posts a $3 discount, its new price is $9. Maya buys the sandwich because it now fits her taste and budget better than the bowl. Her choice reflects self-interest: she wants the meal she values most for the money she can spend. The discount is an incentive because it makes that option more appealing to her.

2. The sandwich seller, Luis, wants to earn enough to cover ingredients, wages, and his time, with money left over. Before the festival, he planned to charge $12, but several customers walked away at that price. He tries a $3 discount after checking that each $9 sale still brings in more than its additional ingredient and packaging costs. More buyers stop at his stand, so he sells more sandwiches. The lower price gives customers a reason to buy, but it also means Luis earns less on each sandwich than he would at $12. He must weigh those effects when deciding whether to keep the discount.

3. Across the street, a rice bowl seller, Nia, notices that some shoppers head toward Luis's stand. She could lower her $10 price, but rising rice costs have made each bowl more expensive to prepare. A lower price might attract buyers, yet it would leave less money per bowl to pay her other costs. Instead, she adds a quick pickup line for customers who want to spend less time waiting. Shorter waits may draw people who value convenience, even if her bowl costs more than the discounted sandwich. Each seller responds to possible gains and costs, while buyers decide which offer best meets their needs.

2 ANSWER WITH EVIDENCE

Use the passage

1. Why does the $3 discount change Maya's lunch decision?

2. Why does Luis try the discount, and what cost must he weigh against its benefit?

3. What discourages Nia from lowering her price, and what does she do instead?

4. How could Nia's quick pickup line influence a buyer's decision, even though her bowl costs more than the discounted sandwich?

3 YOUR TURN

Your own words

Imagine a student-run bicycle repair stand near a school. In 4 to 5 sentences, describe one decision a customer makes and one decision the stand makes; explain how self-interest and a specific incentive or disincentive shape each choice.

ANSWER KEY

Lunch Price Choices

HIGH SCHOOL · E.C.3.7

PART 1 · READ AND MARK

Underline each person's goal, circle an incentive or disincentive that affects that person, and number the decision the person makes. Use your marks to explain why each choice makes sense to the person making it. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	Why does the $3 discount change Maya's lunch decision?	**It lowers her preferred sandwich to $9, less than the $10 bowl, so the sandwich better fits her taste and budget.**
2	Why does Luis try the discount, and what cost must he weigh against its benefit?	**Customers walked away at $12, and the discount brings more buyers. He must weigh those extra sales against earning less on each sandwich.**
3	What discourages Nia from lowering her price, and what does she do instead?	**Rising rice costs make a lower price less appealing because it would leave less money per bowl for other costs. She adds a quick pickup line.**
4	How could Nia's quick pickup line influence a buyer's decision, even though her bowl costs more than the discounted sandwich?	**A buyer who values convenience might choose Nia's bowl to spend less time waiting, despite its higher price.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

A student wants a flat tire fixed before biking home but would rather keep some of their allowance. The repair stand offers a $2 discount to customers who bring their own patch kits, so the student chooses that option to save money. The stand wants to earn enough to buy supplies and pay its workers. Because patches cost the stand money, using customers' kits lowers its costs and gives it a reason to offer the discount.

Accept answers that connect a specific incentive or disincentive to a decision and explain the person's self-interest. For the open task, the customer and stand may have different goals.