

Up and down: Understanding how price influences what we buy



Primary Lesson Plan

This lesson plan was developed by Curriculum Corporation.

[Return to lesson plans](#)

[CurriculumPress Catalogue](#)

Source

[Making Choices: Primary](#)

Learning area

Studies of society and environment

Level

Upper primary (Years 6–7)

Description

Students consider price as a way of facilitating the exchange of goods and services. This activity focuses on the influences on price levels of goods for rival producers in the marketplace.

Purpose

For students to understand that price influences what we buy.

Duration

1–2 sessions

Possible outcomes

In relation to the *Studies of society and environment — a curriculum profile for Australian schools*, work on this activity could lead to the achievement of outcomes in the following strands:

- **Natural and social systems**
Economic systems
- **Resources**
Management and enterprise

Materials required

Nil.

Procedure

Students, working in groups, will have to make decisions about the price of a product in the face of a changing and competitive market. Challenges are presented for each group to discuss solutions and possible consequences of their actions before making pricing or marketing decisions.

Setting the scene

Divide into two groups: HOME and AWAY.

- The HOME group have backed a local inventor and put up some money to manufacture and market his TELLYSMELLER, a gadget that provides a gentle smell of whatever is showing on television, if you press a control button.
- The AWAY group have found a similar invention, made overseas, called TELEFUME.

The HOME group can put TELLYSMELLER into shops at a cost to them of \$40 per unit.

The AWAY group can put TELEFUME into shops at the same cost.

First challenge

Each group has to decide what price they will set in the shops for their product: how much will they ask buyers to pay — and why.

Second challenge

The AWAY group makes a deal with all 24-hour shops to sell only their TELEFUME unit. Both HOME and AWAY groups must decide: will they alter their prices? Thrash out the arguments and possible consequences.

Third challenge

The HOME group ties up all the sales outlets in country areas, that is, not in capital cities and not in 24-hour stores. How might the AWAY group respond? Will the HOME group put up their prices in country areas?

Fourth challenge

Another group, NEWBOYS, can import TELLYSCENTS at \$25 per unit. What do the HOME and AWAY groups do? What do the sales outlets — the shops, the retailers — do?

Fifth challenge: Buyer resistance!

The smells start to get rich and hang around too long in warmer weather. Sales begin to drop off. What do the HOME and AWAY groups do? (NEWBOYS have borrowed most of the money to import their TELLYSCENTS and advertise them. What happens with them?)

Last question

Might there be a market for another product?

Extension activity

Consumer talk

Students could talk to parents, relatives, teachers and friends about goods and services they have bought recently and find out how important price was in their decision.

- Would they have been prepared to pay more? Or less?
- Could they have found a better price?
- Did they consider anything else besides price when they made their purchase?

But what about ...

Discuss with students the effects of some of the following on price:

- Seasons (What fruits are scarce/dearer in winter?)
- Time (Why do bakeries sometimes sell half price at the end of the day?)
- Weather conditions (for example, umbrellas when it rains, drinks and ice-cream on hot days)
- Competition between suppliers (sometimes there are price wars. Do they remember any, do their parents or friends remember any?)
- What other factors may change prices?
- Students are to provide examples of goods and services, the price of which is affected by things such as the seasons, time and competition.

Acknowledgments

[Making Choices: Primary](#) was developed jointly by the National Industry Education Forum (NIEF) and [Curriculum Corporation](#).