

Fair Decisions

The Economics of Roast Corn, Turkey Legs, and Fried Ice Cream

FOODIES

QUEST 05 ECONOMICS

STATE FAIR OF TEXAS CURRICULUM

Walk through the gates of a bustling place like the State Fair of Texas, and you're faced with many economic decisions! As a committed Foodie on a budget, you have a limited amount of time and money to spend at the Fair and seemingly endless delicious choices - and lines- to help you spend both. Explore and keep in mind some basic economic concepts, though, and you'll create the perfect recipe for making satisfying - and economically sound - Fair food choices.



During this Foodie Quest, you will:

- ★ Explore the role scarcity plays in shaping consumer behavior.
- ★ Examine the opportunity cost of waiting in line to buy Fair food versus other ways you might elect to spend your time and hard-earned money.
- ★ Identify the price floors and ceilings of specific Fair food prices, and then analyze the patterns and implications of/for this pricing.
- ★ Brainstorm, name, and set the price for a fabulous new Fair food.
- ★ **Answer the Essential Questions:** What are supply and demand? What roles do cost, benefits and resource-allocation play in making economic decisions? What role does scarcity play in establishing and controlling pricing?
- ★ **Achieve the Learning Target:** I can summarize the economic concepts of scarcity and opportunity cost; I can identify key drivers of scarcity; and I can analyze and explain the role scarcity plans in determining what, how, for whom, and at what price goods and services - like State Fair of Texas foods - are produced.



Learning Standards

- ★ Social Studies (Economics) TEKS: 118.4 (b)(1-3), (7)(2A-2B)
- ★ Art TEKS: Art I: 1A, 1D, 2F, 4A; Art II: 1D, 2A, 4A
- ★ ELAR TEKS: E4(26), E4(24)(B)
- ★ Career Development TEKS: 130.3 (c)(3-4, 6-9, 10)

Before You Go - 15 min prep time, 45 min teaching time

- ★ Define scarcity, costs, benefits, opportunity cost, and diminishing utility.
- ★ Analyze the role each of these plays in shaping economic decisions.
- ★ Hold a brief discussion about economic decision-making and the role scarcity, opportunity cost, incentives, diminishing utility, and cost-benefit analyses play in making tough economic choices.
- ★ Use a classroom computer or your smartphone to find, share and discuss in small groups current news articles that illustrate some of these economic concepts at work in our nation's economy.
 - o You may designate a particular term for each group to research!
- ★ Using The Vendor Behavior Prediction Worksheet and team members' prior knowledge of the Fair, apply your newfound understanding of these basic economic concepts to predict vendor practices and consumer behavior at the Fair.

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Vendor Behavior Prediction Worksheet

Team Members:	Class Period:
1.	3.
2.	4.

Scarcity: Predict the way the food vendors you'll watch on Fair Day will behave. Working with your team, create a 2- to 3-sentence analytical statement about the role you anticipate scarcity will play in driving vendor behavior. For example, how is scarcity likely to impact pricing? Why?

Opportunity Cost: When you attend the Fair, you'll see lots of food and beverage vendors, each of which had to make savvy choices about the products they're selling. Working with your team, apply what you know about opportunity cost to explain at least one way opportunity cost may shape the menu at a typical lemonade vendor.

Along the same lines, you're likely to see many long lines in front of some food vendors at the Fair. Given the wide variety of food and beverage options at the Fair, what makes people willing to wait in that line? How does opportunity cost impact their decision? Is there a downside - beyond the time they spend online - to their behavior?

Incentives: What role do you anticipate incentives may play at the Tower Building Food Court? Do you expect instances where incentives impact consumer behavior? If so, what role does your team believe incentives will play in Fairgoer behavior?

★Working in small groups, use the Product Prototype Brainstorming Guide to brainstorm a "prototype" for an ideal new Fair food. You'll keep your group's new product in mind as you gather information in your Quest on Fair day, then head back to class ready to apply your data and observations to create a plan for launching your group's new Fair food business!



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Product Prototype Brainstorming Guide

Team Members:	Class Period:
1.	3.
2.	4.

As you observe the economic behaviors of vendors and fairgoers at the State Fair of Texas, you'll be paying particular attention to things that make a business successful - from the foods and beverages sold, to things like location, pricing, time of day, and competing sellers.

Once you're done gathering data at the Fair, you'll return to make a proposal for creating and selling a new product there, drawing upon your new understanding of economic principles like scarcity and supply & demand.

To get your team's creative juices flowing, spend a few minutes brainstorming and answering these questions.

List 3 possible products your team might sell, and identify a target consumer for each:

Product	Target Buyer:
1.	
2.	
3.	

List 3 economic things that might impact your ability to sell each of these products and, using the academic vocabulary from this lesson, list and explain the concept that best explains this impact:

Product 1:
Possible Impact on Sales:
Economic Concept:

Product 2
Possible Impact on Sales:
Economic Concept:

Product 3:
Possible Impact on Sales:
Economic Concept:

What are some things you and your team likely need to consider as you work to narrow your product list after Fair Day from 3 potential products to 1 proposed product? Using vocabulary from this lesson, list and explain as many things as you can think of to ensure your new Fair food's success:

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Invitation

★How accurate were your classroom predictions about vendor practices and consumer behavior? You can find out by going to the Fair and testing them out! Your mission, should you choose to accept it: To use real-life economic behaviors at the Fair to better understand why people happily wait in line to buy certain foods - and what are other, perhaps more productive, ways they could elect to spend their time.



Plan Your Route

- ★Have your materials (listed below) ready before you get to the Fairgrounds...especially your map!
- ★Identify and locate key Fair Food vendors at locations like the Tower Building Food Court and/or the SkyWay Porch
- ★Find vendors for 3-4 completely different, popular Fair foods.
- ★Locate a specific food product sold by five or more competing vendors.

STATE FAIR MAP



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Optional Materials to Bring

- ★ Your **Economic Data Collection Packet**
- ★ Pen or Pencil
- ★ Notebook or Paper
- ★ Smartphone or Tablet (you can even choose to let Siri guide you around, if you have it)
- ★ A printed map of the State Fair of Texas, available online or at any Fair gate



While You're There

The objective of your visit is to explore the wild world of buying and selling delicious Fair foods, while you complete the questions on this Economic Data Collection Packet as completely and accurately as you can. Bring the packet back to school afterward to work on an exciting project!

Economic Data Collection Packet

Name:

Class Period:

Instructions

Identify vendors of popular Fair foods and/or beverages, and then spend a few minutes observing each.

- Spend five or 10 minutes watching each vendor.
- Look specifically for the things it takes to make, package and sell each product.
- Then, write down in the grid below some basic information about each of the Fair vendors you observe.
- Catalog as many of the inputs to their product line as you can see, from raw materials, to labor, to product packaging.
- As you work, try to make inferences about inputs to each sale that you may not be able to see directly in each transaction.
 - Example: advertising posters or the time of day.
- Finally, watch and write down observations about customer behavior.
 - How long does the average customer wait in line to buy the product your observing, for example?
 - Do they buy multiple products?
- Write down anything you see that seems important about the transactions you're witnessing.

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Economic Data Collection Packet

Vendor Name	Food or Beverage (Ex: nachos)	Raw Materials (Example: cheese)	Labor/Unseen Inputs (Ex: # of workers, advertising, time of day)	Consumer Behavior (Ex: length of time in line, average sale)

Now, turn your attention to the customers.

Economic Data Collection Packet

- Select 2 or 3 customers
- Speak with each briefly about the choice they've made to buy at a particular stand.
- Use the questionnaire below to guide your interview!

Customer 1	
What food or beverage are you waiting to purchase?	
Why are you waiting to buy this item?	
Was there another item that you considered instead, and if so, what made you decide on this one?	
What made you decide on this particular Food vendor?	
What role, if any, did pricing play in your decision?	
What role, if any, did the length of the line play in your decision?	

Customer 2	
What food or beverage are you waiting to purchase?	
Why are you waiting to buy this item?	
Was there another item that you considered instead, and if so, what made you decide on this one?	
What made you decide on this particular Food vendor?	
What role, if any, did pricing play in your decision?	
What role, if any, did the length of the line play in your decision?	

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Economic Data Collection Packet

Customer 3	
What food or beverage are you waiting to purchase?	
Why are you waiting to buy this item?	
Was there another item that you considered instead, and if so, what made you decide on this one?	
What made you decide on this particular Food vendor?	
What role, if any, did pricing play in your decision?	
What role, if any, did the length of the line play in your decision?	

Once you're done with your interviews, select a product sold by multiple vendors – maybe a personal favorite or something traditionally popular here at the Fair like, say, strawberry lemonade or sausage on a stick – and conduct some basic research into price ceilings and floors.

- Identify 5 different, unrelated vendors selling this item.
- Then, in the grid on the next page, fill in the lowest and highest prices you can find for that item.
- As you work, keep in mind things like product size or specific ingredients.
 - For example, if you select an ice cream cone as your item, make sure that you're collecting and writing down information for all single-dip cones and not a single dip at one stand and a triple dip at another.

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Economic Data Collection Packet

Name:	Class Period:
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Name of Fair Food or Beverage:
Description of Product:

Vendor Name	Vendor Location	Price of Item (low/high)	Key Observations (Ex: Is there a discount offered? Does pricing change by size?)
1.		/	
2.		/	
3.		/	
4.		/	
5.		/	

As a last and final step here at the Fair, find a place to sit and reflect for five minutes on the things you've observed today and the Fair food your team talked about creating and selling back in class. In the note field below, jot down any thoughts, questions, ideas, or potential problems that come to mind as a result of this Foodies Quest. Are there lessons to be learned that could shape the business plan you're creating? What, for example, might the interviews you've conducted with consumers tell you about pricing?

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Once you're done, carefully tuck this sheet away and enjoy the rest of your day at the Fair -- and make sure to bring back your work to your next Economics class for group analysis and the preparation of your economically sound Fair food sales and marketing plan!

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★**SCARCITY: THE ART WITHIN YOU:** As you are sampling the tasty treats at the Fair, collect some objects along the way, for use in the art portion of your Quest.

- o Spoons, forks, napkins, free samples, etc. can all be useful art materials.
- o Keep them in a safe place to use for your final project.



After the Fair - Suggested Timing: 2-3 x 45-min classes/1-2 x 90-min block class

When you return to class following your State Fair visit, you will use the information you gathered to create an economically sound business plan for launching a wildly successful new Fair food at next year's Fair!

Once you're back at school, you'll work in your previously assigned small groups to:

- ★**Compare data:** Analyze, identify and create on large-format paper a poster comprising key economic concepts and trends on display in the brisk world of Fair food sales!
 - o Specifically, you'll identify and develop analytical statements about the roles:
 - Scarcity plays in the selling and buying of Fair foods.
 - Opportunity costs play in the selling and buying of Fair foods.
 - Pricing plays in the selling and buying of Fair foods.
- ★**Examine common drivers of price ceilings and price floors.**
- ★**Assess the validity of your group's pre-Fair predictions about vendor practices and consumer behavior.**
- ★**Apply your real-world understanding of basic economic principles and the economics of Fair food, to create an economically sound business plan for launching a successful new Fair food at next year's State Fair.**



ART PORTION

Before You Go

Scarcity in economics refers to the issue of unlimited human wants in a world of limited resources. The same type of problem can also occur in art! Oftentimes artists think that if they had certain materials - maybe even very expensive materials - they could make better art. It isn't about the materials, however; it is about your ability to use and push your creativity to make meaningful art from limited resources.

★**Before you begin your project, watch the TED talk below about the artist, Phil Hansen, who had no choice but to use his creativity and problem solving skills to create with both limited resources and limited movement with his own physical obstacles. Your art can truly come alive when you understand that it comes from within you and you also realize what you can do with materials you have.**

★https://www.ted.com/talks/phil_hansen_embrace_the_shake?language=en

