



TEACHING THE COVER STORY

GOTTA HAVE IT!

High demand and short supply led to a chicken sandwich craze at a popular fast-food chain.

FINANCIAL-LITERACY STANDARDS
II. Buying Goods and Services

COMMON CORE STANDARDS
RI.1, RI.3, RI.4, SL.1

From the Editor: Thanks to the PwC Charitable Foundation, *TIME for Kids* is pleased to offer teachers, students, and their families a monthly financial-literacy magazine.

—**Andrea Delbanco**,
Editor in Chief, TIME for Kids

FINANCIAL-LITERACY ESSENTIAL QUESTIONS FOR STANDARD II

Benchmark 6: What factors influence the perceived value of an item?
What factors influence consumers' buying choices?

IDENTIFY CAUSE AND EFFECT

Engage the Reader

- Begin the lesson by asking students to envision themselves in the following scenarios: Imagine walking down a familiar street and seeing a line wrapping around the block. What do you assume? What do you wonder? What would make you want to join the line? Now imagine you're at a store looking for a new soccer ball. You see a shelf stocked with one brand of soccer balls, and a second shelf with only one ball left where another brand is supposed to be. What do you assume about the two brands? Which would you choose?
- Have partners pair up to discuss their thoughts. Then bring the class back together and ask students to respond to the following question: What factors affect people's choices when buying something?

Read the Text

- Show students the cover of this week's magazine and read the cover text aloud. Ask them if they can define the terms *supply* and *demand*. Provide clarification as necessary. Then ask students to describe how the scenarios from the beginning of the lesson connect to the terms *supply* and *demand*.
- Have students read the text independently, and ask them to focus on what factors made the demand for this chicken sandwich so high.
- Bring the class back together to discuss what made the sandwich appealing. (*It was a limited-edition menu item, and its popularity created a bandwagon effect.*) Ask students if they think most of the customers buying

the sandwich are returning customers, or customers who have never tried the sandwich before. Explain.

- Then have students provide other examples of products that are, or have been, in high demand because of a limited release or the bandwagon effect.

Respond to the Text

- Direct students' attention back to paragraph 2 of the section "Sandwich in Demand" and read it aloud. Ask: Why don't supply and demand remain constant? Can anyone give an example?
- Have partners discuss the following: Does a higher demand for something make it more valuable? What factors affect the value of an item? Circulate while pairs discuss, and share some of the insights you hear with the class.

Extend Learning

- For an interactive example of supply and demand, use the activity on page 3 of this guide. You will need a class set of identical items, such as beads. If your class doesn't know how to calculate averages, you may teach them, or complete that step of the activity with them.

WITHIN THIS GUIDE

- Read money expert Jean Chatzky's letter about how her own personal awareness on this month's topic.
- Give students a hands-on example of supply and demand.
- Send a letter home to help families discuss this month's topic.



A NOTE FROM JEAN

Dear Teachers,

I'll admit it. I'm a sucker for a sale.

Why? In part, I know, because I can be caught up in the occasional case of FOMO. When something is hot, or limited, or going fast, I want it more. And as a seasoned consumer, I also know I can't—and shouldn't—always give in to these impulses. That's the idea behind this month's cover story on supply and demand. The earlier your students understand that prices are sometimes subject to consumer tastes, the stronger hold they'll have on their wallets as they go through life. What made me smile was that clearly, some students already understand that. Take a look at how our wise kid reporters answered the question on page 4. Then ask your class the same question.

Jean

ADDITIONAL RESOURCES

councilforeconed.org/standards

Visit for free teaching resources and to download the K–12 national standards for financial literacy.

Lemonade Stand Game

Students can learn the concepts of supply and demand through this virtual lemonade stand on crazygames.com/game/lemonade-stand.

ANSWER KEY FOR WORKSHEET

Supply and Demand, p. 3:

Discussion

Round 1 should be labeled as “Supply = Demand.”

Round 2 should be labeled as “Supply < Demand.”

Round 3 should be labeled as “Supply > Demand.”

YOUR \$

SUPPLY AND DEMAND

What can we learn from a chicken sandwich craze?
On August 12, Popeyes released a mouthwatering sandwich. It was a new limited-edition menu item. “Chicken Biscuit Pockets. New. Sandwich.” “I need this in my life,” replied one person. “My Mom. It. Satisfying,” wrote another.
Many thousands of lines and servers later, business was booming. The sandwich “became famous,” says restaurant consultant Anne Allen. People were lining up to get it, and it soon sold out, making this a perfect case study for supply and demand.

SANDWICH IN DEMAND
To have low stock levels because a “thing” you need to know about economics, it’s the study of how people use limited resources, such as money and time. How supply relates to demand is a key concept. Supply is the amount there is of something. Demand is how much people want it. When there’s more supply than demand, prices go down. When there’s more demand than supply, prices go up. Supply and demand don’t stay constant.
They’re affected by factors such as weather. Demand for air conditioners is high in summer. What if it’s hotter? Demand can also be affected by popularity. That’s what happened at Popeyes.

Popeyes didn’t always have a chicken sandwich. Like KFC and similar franchises, it sold pieces of chicken. Popeyes started developing a sandwich about two years ago, after noticing increased demand for products such as Chick-fil-A.
Popeyes didn’t know how much demand there would be for this sandwich. Before launching it, Popeyes bought what it thought was enough ingredients to make sandwiches through September. The sandwich sold out before the end of August.
How could that happen? Allen says it’s a result of the “bandwagon effect.” That’s when people want things because other people have them. He also says people are drawn to limited-edition items. If they think there’s only a certain amount of a product or that they have to buy it before time runs out, they’ll want it more.

WHAT HAPPENS NEXT?
Popeyes started selling the sandwich again in November. The lines were longer for its return than they were for its launch.
So what happens now? The same thing that happens when an item goes hot. More companies look to make money from it. McDonald’s, for one, is using a third-chicken sandwich of its own. Will it get the same level of interest? Allen expects everyone will want to try it. As for Popeyes, there are plenty of sandwiches to go around now, if you don’t mind waiting in line for one. —By Rebecca Cohen

Seeking Sandwiches
Popeyes launched its mouth-watering chicken sandwich on August 12. Two weeks later, it was sold out at locations across the country. Some places—such as one in Greenville, Texas—closed their drive-thru. And customers had to wait up to \$2,000 on the website after they ran out of sandwiches!

Family Challenge
TALK ABOUT IT Why do you think the Popeyes chicken sandwich was so popular? What factors made demand for the sandwich so high? Discuss it with your family. Ask if they can remember other products that were in high demand!

Power Words
limited-edition adjective: the same over time
franchise noun: a business that allows individuals to buy the right to use someone else’s name or product
limited-edition adjective: available for a specific amount of time or in relatively small quantity

OPINION WRITING

ARTICLE: “SUPPLY AND DEMAND” (PP. 2–3), “AT WHAT COST?” (P. 4)

Draw students’ attention to the sidebar, “Seeking Sandwiches,” on pages 2 and 3 of the magazine. Ask for their reaction to the eBay post. Have them raise a hand if they would pay \$1,000 for a chicken sandwich. Call on volunteers to explain their choice. Then have students raise a hand if they think there are people in the world who would pay \$1,000 for a chicken sandwich. For those who raised their hand, ask them to explain why they think this is the case.

Tell the class that TFK Kid Reporters weighed in on when they’d be willing to pay more money for something they really wanted. Direct students to page 4 of the magazine, and ask them to read the Kid Reporters’ responses independently.

Bring the class back together to discuss which, if any, of the TFK Kid Reporters would be likely to buy the \$1,000 sandwich. Have students partner up to discuss which Kid Reporter they most agree with, and why.

Then have students explain, on a separate sheet of paper, when they’d be willing to pay more for something they really wanted.

PAIRED TEXT

DISCUSS A SIMILAR TOPIC WITH TFK

- Once students have read this month’s cover story, have them go to timeforkids.com to read “Slime Business” (4/21/17). This story describes how the slime-making trend affected the demand for glue.
- After students have read the two articles, engage them in a discussion about trends. How do trends start? How do they affect supply and demand?



Lesson Overview

After reading “Supply and Demand,” students will participate in a hands-on activity to demonstrate the effects of supply on the price of an item.

Materials

- A whiteboard or chart paper to keep track of prices and averages
- Class set of identical items such as . . .
 - Beads
 - Candy
 - Fun erasers

LET’S MAKE A DEAL!

Prep Work

1. Collect a class set of identical items for students to “sell.”
2. Explain to the class that they will take on the role of either a buyer or a seller. Sellers will have to exchange their item for money, but will be given a minimum price they can exchange it for. Each seller will have one of his or her item. In each round, sellers must sell their item. Buyers will be responsible for purchasing an item but will have a maximum amount they are allowed to spend on it.

Round 1

1. Split the class in half and separate them on either side of the classroom.
2. Name one group “sellers” and give each student in that group the item of your choice (e.g., beads). Tell them they cannot sell their item for less than \$15. It is important the other half of the room does not know this minimum price! (You could also write the minimum price on a note card for the sellers.)
3. Name the other group “buyers.” Their job is to purchase an item from a seller. Tell them they may not spend more than \$115 on the item, but do not tell the sellers this maximum price. (You could also show them this maximum price on a note card.)
4. Set a timer for the buyers and sellers to negotiate. Make sure buyers remember the price they paid for their item.

5. Bring the class together and have buyers share how much they spent. List these prices on the board and find the average price spent for an item.

Round 2

1. Repeat the activity from round 1, but this time, send some of the sellers to the buyers’ side. This way, there are more buyers than sellers.
2. Make the minimum price for sellers \$25 and the maximum price for buyers \$125.
3. Allow students time to negotiate. Then find the average price paid for the items.

Round 3

1. Repeat the activity, but add more sellers, so they outnumber buyers.
2. Make the minimum price for sellers \$10 and the maximum price for buyers \$100.
3. Allow students to bargain. Then find the average price paid for the items.

Discussion

Bring the class together and label each round with a comparison of supply and demand (for example, round 1 would be “Supply = Demand”).

Look at the averages for each round and identify when the highest and lowest prices were paid. Discuss the relationship between the supply of an object and how much buyers were willing to pay for it.



YOUR \$

FINANCIAL LITERACY FOR KIDS
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To connect families with the financial topics being discussed in the classroom, we are including this monthly newsletter featuring family resources. Teachers, please take a moment to photocopy this page and send it home with your students.

DEAR FAMILY,

If we asked 10 people to share their 10 favorite fast-food restaurants, chances are that no two lists would be the same. That goes for asking folks to name their favorite chicken spot. With the launch of the new Popeyes sandwich in August (and with a little help from social media), this company is making headlines—and money.

This month's issue of *Your \$* teaches students about supply and demand through the topic of this trendy sandwich. Read the Family Challenge on page 3 of the magazine, then discuss with your child the popularity of this sandwich and what factors made demand for it so high.



FAST FACTS

-  The U.S. fast-food industry is a \$256 billion industry, with McDonald's valued most, at around \$125 million.
-  There are 3,102 Popeyes restaurants around the world. They are in more than 40 U.S. states and about 30 different countries.
-  After the launch of their chicken sandwich, some Popeyes locations sold an average of about 1,000 sandwiches a day.
-  The original name of Popeyes was Chicken on the Run.

AT-HOME ACTIVITY

After reading about supply and demand, discuss other areas where students might see its impact in the community. Some examples might include the price of certain food items at the grocery store, gas, and tech devices.

Play a game with your children while driving. Over the course of a week or so, challenge them to pay attention to the price of gas. (Or give them a notebook in which they can write down the prices.) Talk to them about what they notice. Ask whether they see different prices at different gas stations and how the prices fluctuate.