

Article, discussion AND activity (To understand price discrimination through "grade" discrimination): Pricy Movie Popcorn

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<https://econlife.com/2019/09/the-price-of-movie-theater-popcorn/>

Discussion Questions

Pricy Popcorn

Fact Questions

1. Briefly describe how popcorn moved from outside to inside theaters.
2. Compare the price of popcorn at a movie theater to its price at a typical supermarket.
3. Using the econlife chart, note examples of how the prices of two other movie theater foods or drinks compare to their supermarket prices.
4. When we pay for a movie ticket, approximately how much of that money goes to the theater as its revenue?
5. Comparing ticket revenue and popcorn revenue, explain why movie theater owners need to sell pricey popcorn.

The Economic Idea: Price Discrimination

When movie theaters charge 25-year-old men and women more than the elderly, they are engaging in price discrimination. Defined as different prices for different groups of people, price discrimination is a way to increase sales. Young adults might want to attend a movie while a retired 75-year-old might not unless a discounted ticket creates the incentive—especially on a Tuesday afternoon.

In addition to movie theater, airlines engage in price discrimination when they charge businesspeople more. We can even say that coupons reflect price discrimination because the people who take the time to use them pay less than those who do not.

Activity

Small group discussion

Goal

To understand price discrimination through “grade” discrimination

Procedure:

Small group and class discussion

Time: Approximately 25 minutes

6. Divide into small groups, each with 3-5 students.
7. Appoint a group leader who will run your discussion, a scribe to note what you discuss, and a reporter who will share your conclusions with the class.
8. Each group should create a situation in which one group of students receives a higher grade than another group because of something they do.
More specifically, please figure out the following:
 - Identify a project or a quiz or a test or a paper or some other activity that gets grade points.
 - Based on what they do, divide the people who will complete that activity into groups. (Note that this is all hypothetical. It is not about your real class.)
 - Then decide which group will get extra grade points or higher grades. You can choose the grading system.
 - Apply the concept of price discrimination by identifying the group(s) that will be favored and which one(s) will not.
 - Be prepared to defend your plan to the class.
9. Re-gather as a class.
10. Each discussion group should present and defend its “grade discrimination” plan.
11. The class should select the “best” plan.

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