NO PREP

Black Friday

Are the “Deals” Actually Good for Shoppers?

Includes: Student reading, case study, differentiated questions, teacher key

Name: Period: Date:

Black Friday: Are the “Deals” Actually Good for Shoppers?

What Counts as a “Good Deal” (And Why the Sticker Price Isn’t Enough)

Black Friday promises spectacular discounts, but a good deal is more than a low sticker. For shoppers, value depends on effective price—the total you truly pay after tax, fees, financing costs, and any gift-card kickbacks you’ll actually use. You should also factor quality, warranty, return policy, and opportunity cost (time spent waiting, clicking, or returning) because these change the real value of a purchase. A $99 gadget that breaks in six weeks isn’t cheaper than a $129 alternative that lasts three years. Similarly, a “$300 off” laptop may still be average if price history shows the same model dipped near that level several times this fall. Sellers know most buyers react to the anchoring effect (“WAS $999, NOW $499!”), so they inflate the reference price or bundle extras to make discounts feel exceptional. The personal finance move is to write

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Why Retailers Slash Prices: Economics Behind the Hype

For businesses, Black Friday is a tool for demand shaping, inventory clearance, and price discrimination. Loss leaders (below-cost items) pull crowds, who then buy profitable accessories. Time-limited doorbusters and flash sales exploit scarcity to push quick decisions, while bundles raise basket size and hide unit price comparisons. Digital stores add dynamic pricing ("only 5 left," countdown clocks) to trigger loss aversion. From an econ lens, the "deal" transfers some consumer surplus to shoppers but also captures more revenue by steering you to higher-margin add-ons and financing. Meanwhile, capacity constraints (limited registers, delivery windows, and customer service staff) create friction that shoppers pay in lines, delayed shipping, or difficult returns. A deal that requires a two-hour line plus a paid parking garage

and a restocking fee on returns may not beat a quieter, slightly higher Cyber Monday price with free returns. The lesson: a good deal improves your utility without overpaying in hidden costs, time, or future interest.

How to Test a Deal: Effective Price, Price History, and Return Friction

Before you click "buy," translate the ad into numbers. Effective price equals sale price minus rebates/gift cards you'll truly use, plus sales tax, shipping, setup, and likely accessories (e.g., a case, HDMI cable). Check price history: if the item regularly sells within 5 to 10% of the "deal," waiting might save time and reduce risk. Next, evaluate return friction: free returns to store vs. mail-only with postage, restocking, or short windows. For electronics, verify warranty terms and whether you must activate a store card or BNPL plan to get the headline price. Those can add interest or late fees that erase savings. For apparel, factor fit risk: if a retailer has poor sizing consistency or charges return shipping, a slightly higher price at a store with easy in-person returns may be smarter. Finally, think substitutes: if the exact TV model sells out, a comparable brand with the same panel and ports may offer equal value without the hype premium.

When Black Friday Is (and Isn't) Worth It

Black Friday can be excellent for older model electronics, video games, small appliances, and gift cards with solid terms. It's often fine for kitchenware and tools if build quality is verified. It's weaker for items prone to spec sheet tricks (TVs with lower panel quality in "holiday variants"), fashion you can't try on, or anything with painful return policies. Financing "deals" deserve special caution: store cards with ~25–30% APR turn a 10% discount into a net loss if you carry a balance; BNPL splits cash flow but can add fees and reduce future flexibility if you stack plans. A reliable rule: if the purchase was on your pre-made needs list, passes the effective price test, and has low return friction, Black Friday can be great. If it wasn't on your list, relies on financing, or hides costs in the fine print, the better deal may be no deal.

Key Information: Quick Guide: "Deal or No Deal?" Reality Check

Scenario	Looks Like	Check These	Likely Outcome
TV "WAS $999, NOW $499"	Huge % off	Price history, panel type, return policy, delivery fees	Good only if specs match and returns are easy
Laptop $599 + $100 gift card	Big headline value	Will you use card on necessities? Tax, setup, accessories	Good if gift card is truly fungible for planned spend
Doorbuster blender $19	Ultra-cheap	Build quality, warranty, restocking fee, time in line	Good for simple needs; skip if line/time is high
Store card "extra 15% off today"	"Free money"	APR, will you pay in full, effect on future credit	Only if paid in full; otherwise discount can vanish
BNPL 4-pay on $200	Easy cash flow	Budget calendar, late fees, stacking plans	Fine for a budgeted need; avoid for wants or if stacking

Case Study Excerpt — "Is It a Deal If I'm Paying for It in March?" A Holiday Decision Under the Microscope

Diego, a senior saving for community college, wants a midrange tablet for note-taking and a soundbar for a small TV. He sets a hard cap: $350 all-in. On Thanksgiving evening, his inbox floods with offers. One retailer lists a tablet at $279 (WAS $399) with a "today only" store card extra 15% off. Another lists the same tablet at $299 with a $50 gift card. A third offers an open-box unit at $249 with a 15-day return and full warranty. The soundbar he likes is $99 at two stores—one bundle includes a thin HDMI cable; the other charges $12 for it. Diego opens a spreadsheet and does effective price math. Store-card path: $279 – 15% = $237.15; after 8% tax ≈ $256. He plans to pay in full, but his car just needed a repair—his emergency fund is thin. If he carries even one month at 29.99% APR on $237, the interest could wipe out much of the discount, and the new line might tempt extra spending. The $299 + $50 gift card path nets roughly $275 after tax—only if he uses the gift card on groceries he buys there anyway. The open-box at $249 comes to ≈ $269 after tax, within budget and no financing risk. He checks price history—the model hit $269 two weeks ago. He verifies return friction: the open-box is returnable at a nearby branch with no restocking fee. He reads the warranty: full manufacturer coverage from purchase date. For the soundbar, he picks the $99 option at the store that includes the HDMI cable, avoiding the hidden accessory cost. Total at checkout: tablet $269, soundbar $99, tax already included in his math—he lands near $368, over cap. He downgrades to a well-reviewed $69 soundbar that still includes the cable. New total ≈ $338—under budget without debt. On Sunday, Diego reviews the receipts. What looked like three "amazing" tablet deals sorted into one winner once he priced the interest risk and the reality of the gift card. He didn't pick the lowest sticker; he picked the offer with the best effective price, lowest return friction, and zero financing exposure. In March, he'll still be using the tablet—without paying for it again on a statement.

1. In the case study, which two choices most reduced Diego's risk while keeping value high? Explain how each decision changed his effective price or future costs.

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2. Give one example of a "deal" that looks great on the shelf but becomes weak after including return friction or financing. What costs flip the verdict?

Multiple Choice

1. The best test of a Black Friday bargain is to calculate the:

    a) Biggest percentage off the "was" price printed on the shelf tag or the ad

    b) Number of items in the bundle

    c) Effective price including taxes, fees, financing, and realistic rebates

    d) Social media likes the deal receives

2. A loss leader primarily helps retailers by:

    a) Drawing shoppers in with a below-cost item to increase profitable add-ons

    b) Eliminating the need for returns

    c) Guaranteeing the lowest possible unit price in the entire product category

    d) Reducing sales tax liabilities

3. Return friction matters because it can:

a) Replace the need to check price history from multiple past seasons before buying

b) Eliminate all impulse purchases

c) Increase consumer surplus automatically

d) Make an apparent bargain costlier if postage, restocking, or short windows apply

Matching

Write the letter of the correct definition on the line next to each term.

Term	Definition
1. ___ Effective price	A) First number seen skews later judgment of value
2. ___ Anchoring	B) Different prices offered to different customers/times
3. ___ Loss leader	C) Total paid after tax, fees, financing, and usable rebates
4. ___ Price discrimination	D) Hidden hassle/costs that make returns harder
5. ___ Return friction	E) Below-cost item used to drive store traffic

Fill-in-the-Blank

1. A store card discount can disappear if you _____ a balance and pay high APR.

2. Comparing models over time helps you spot price _____, so you don't overpay during hype.

3. A bundle can obscure _____ price, making it harder to compare value item by item.

Short Answer

Answer each question in 2-4 complete sentences.

1. Describe a step-by-step method you would use to decide if a Black Friday electronics deal is truly good, naming at least three variables beyond the sticker price.

2. You find two offers on the same coat: Store A is $120 with free returns; Store B is $105 plus $12 return shipping and 7-day window. Which is the better expected value and why?

3. When, if ever, is BNPL a rational choice for a teen shopper? Give two safeguards that must be in place for it to make sense.