NO PREP

Black Friday Smart Shopper

Economics and Personal Finance in Action

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

Name: Period: Date:

Black Friday Smart Shopper: Economics and Personal Finance in Action

Why Prices Plunge (and What That Means for You)

The day after Thanksgiving—Black Friday—is more than a shopping tradition; it's a live experiment in microeconomics and consumer psychology. Retailers compress a year's worth of promotions into a single weekend to increase traffic, clear inventory, and lock in market share before December. You'll see loss leaders (items priced below cost to lure shoppers), limited-quantity doorbusters, and aggressive price

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How Stores Steer You: Tactics You Can See (and Ones You Can't)

Black Friday blends physical and digital choice architecture. In-store, endcaps place "hot" items along main aisles; decompression zones near entrances slow you down; limited stock displays manufacture urgency. Online, retailers deploy dynamic pricing, flash timers, and "only 3 left!" notices to trigger loss aversion. Bundles (e.g., console + controllers + games) raise basket size while obscuring unit price comparisons. Finance tools appear everywhere: store cards with instant discounts, buy now, pay later (BNPL) offers, and extended returns that reduce perceived risk. But the math

matters: store cards can carry APRs above 25% if you revolve a balance; BNPL late fees and missed payments can hurt credit or future approvals; return mail can cost shipping or restocking. Meanwhile, price discrimination (different prices for different customers or times) happens through app-only deals, geo-targeted promotions, or email codes. Recognizing the tactic doesn't mean refusing the deal; it means using the deal without being used: compare unit prices, set a cap for total spend, and avoid financing a want you'll still be paying for next spring.

Plan, Compare, and Calculate: Turning Hype into Savings

The most powerful tool on Black Friday is a list linked to a budget. Rank items by need, price history, and acceptable alternative (brand B if brand A sells out). For big-ticket electronics, scan recent price tracking (fall sales, back-to-school) to avoid paying "Black Friday" prices that are only average. Evaluate offers using effective price after stackables: promo code + store rewards + gift card kickbacks + sales tax. If a store offers "$200 gift card when you buy phone X," ask if that offsets activation fees, locks you to a carrier, or expires quickly. For apparel or shoes, model return friction—can you return to store for free, or will mailing back eat the savings? Finally, guard your time budget. A 90-minute line to save $15 is a wage of $10/hour before tax; if you can work, study, or rest instead, the opportunity cost may not be worth it. Treat your time like money and your money like time.

Key Information: Quick Guide: Black Friday Tactics & Smart Responses

Retail Tactic	What It Means	Smart Response
Doorbuster	Limited-quantity item below cost to drive traffic	Set a backup item; don't expand the cart just to justify the trip
Anchoring	A high "was" price makes the sale price feel cheap	Check unit price and recent price history before deciding
Bundling	Multiple items sold together to raise basket size	Unbundle mentally; compare the kit to buying pieces separately

Retail Tactic	What It Means	Smart Response
Store card instant 15% off	Discount traded for high-APR credit line	Only open if you'll pay in full; otherwise skip the APR trap
BNPL (4-pay)	Short-term installment plan with late fees risk	Use only if budgeted; calendar the dates; avoid stacking plans

Case Study Excerpt — Black Friday, Red Numbers: A Senior's Choice Under Pressure

Janelle, a high school senior, wants a new laptop for college applications and a noise-canceling headset for a holiday job at a café. She sets a hard cap: $600 for the laptop, taxes included, and will add the headset only if a real markdown appears. On Wednesday night she lists "Needs vs. Wants": NEED—laptop capable of office apps + video calls; WANT—gaming specs. She reads reviews and records baseline prices: last month the target laptop was $649; Black Friday ads show $579 with "free 6-month BNPL." A rival store lists $599 plus a $100 gift card. Thanksgiving night, Janelle's group chat explodes: "Midnight drop!" The $579 laptop shows "Only 2 left at your store." The cart offers an extra 10% if she opens a store card. She pauses. The card's APR is 29.99%. She plans to pay in full, but a single unexpected month could trigger interest that wipes out the discount. She declines the card and checks taxes: at 8%, the $579 machine will ring up near $625. Over budget. The $599 + $100 gift card option? After tax it's about $647, but if she's already buying $60 of groceries at the same chain next week, the effective price falls near $587. While she compares, a popup pushes BNPL: four payments of $149.75 with no interest "if on time." Tempting—but she's juggling gas, application fees, and a winter jacket. Missing a BNPL installment could mean late fees and lock her out of future plans. She declines and notices a third listing: same specs, open-box at $549 with a 14-day return and full manufacturer warranty. She checks return friction (local store accepts open-box returns), and the final with tax comes to about $593—within cap. She buys the open-box laptop and skips the headset for now, setting a price alert for December. On Sunday, a quieter sale drops the headset to $59; she uses a leftover $10 rewards credit, pays $49 in cash, and finishes at about $642 for both—the laptop under its $600 cap and the headset bought only once its price finally dropped. Janelle didn't "win Black Friday" by snagging the loudest doorbuster. She won by applying opportunity cost, effective price math, and risk controls (no new high-APR card, no stacked BNPL). Her receipts show

not just what she bought, but how she kept future cash flow flexible for application season.

1. In the case study, identify two decisions that reduced Janelle's effective price or risk, and explain the reasoning behind each.

2. Suppose Janelle had opened the store card for 10% off and then carried a balance for one month at 29.99% APR. Explain how that could erase the discount in practice.

Multiple Choice

1. The best definition of opportunity cost in Black Friday shopping is:

   a) The price shown before coupons are applied

   b) The cash discount offered by a store card that requires instant approval

   c) The total amount of sales tax on a purchase

   d) The value of the next-best use of your time or money you give up to shop

2. A loss leader is primarily used by retailers to:

   a) Set a minimum advertised price for all brands

   b) Increase the return window for holiday items

   c) Drive store traffic with a below-cost item, hoping shoppers add profitable goods

   d) Reduce the credit card interchange fees paid by retailers to the payment networks

3. BNPL can be risky mainly because:

a) It prohibits returns on any item bought with installments during the full contract period of one year

b) Missed payments can trigger fees and harm access to future credit, even if the sticker price was low

c) It lowers sales tax on the purchase price

d) It always charges interest at 29.99% APR

Matching

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

Term	Definition
1. ___ Doorbuster	A) First number seen skews later price judgments
2. ___ Anchoring	B) Deeply discounted, limited-quantity item to attract shoppers
3. ___ BNPL	C) Cost of the next-best alternative you gave up
4. ___ Price discrimination	D) Paying later across installments; may include late fees
5. ___ Opportunity cost	E) Charging different prices to different segments or times

Fill-in-the-Blank

1. The effective price of a deal should include not just the sale price but also tax, fees, and potential _____ costs.

2. A high APR on a new store card can turn a small discount into a net loss if a balance is _____.

3. A bundle can hide the true value of each item, so shoppers should compare the _____ price of the kit versus buying pieces separately.

Short Answer

Answer each question in 2-4 complete sentences.

1. You have $250 and need winter boots and a backpack. Outline a Black Friday plan that respects opportunity cost and avoids debt. Include one substitution and one tactic to reduce return friction.

2. A TV is $499 with a $100 gift card back, or $449 at a different store with stricter returns. Which is better and why? Show the effective price logic and one risk in each option.

3. A site offers "10% off if you open our card" or "BNPL 4-pay." Explain when—if ever—either financing move is rational for a teen shopper, using cash flow and risk concepts.