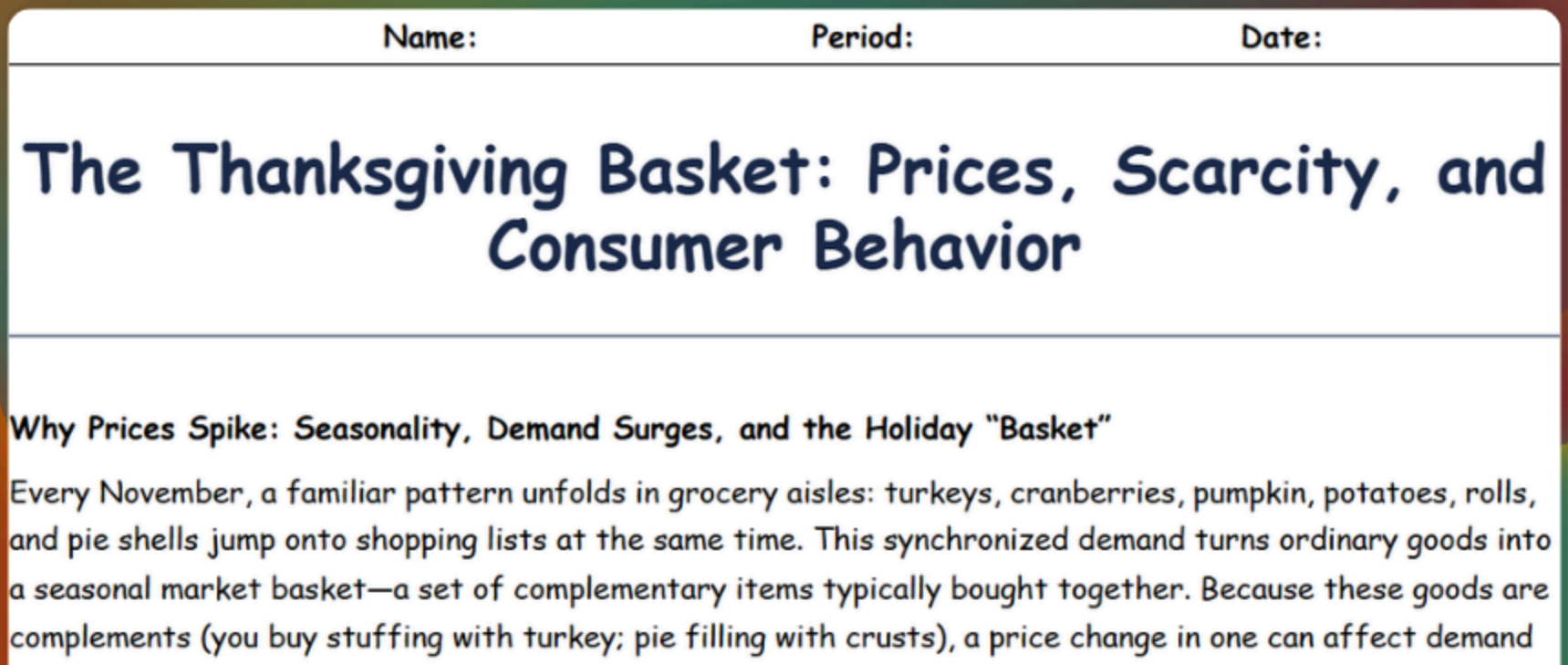
NO PREP

The Thanksgiving Basket

Prices, Scarcity, and Consumer Behavior

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



Name: Period: Date:

The Thanksgiving Basket: Prices, Scarcity, and Consumer Behavior

Why Prices Spike: Seasonality, Demand Surges, and the Holiday "Basket"

Every November, a familiar pattern unfolds in grocery aisles: turkeys, cranberries, pumpkin, potatoes, rolls, and pie shells jump onto shopping lists at the same time. This synchronized demand turns ordinary goods into a seasonal market basket—a set of complementary items typically bought together. Because these goods are complements (you buy stuffing with turkey; pie filling with crusts), a price change in one can affect demand

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Every November, a familiar pattern unfolds in grocery aisles: turkeys, cranberries, pumpkin, potatoes, rolls, and pie shells jump onto shopping lists at the same time. This synchronized demand turns ordinary goods into a seasonal market basket: a set of complementary items typically bought together. Because these goods are complements (you buy stuffing with turkey; pie filling with crusts), a price change in one can affect demand for the others. The surge is predictable, but the market still feels tight because capacity (from farm output to cold storage and truck routes) can't instantly expand. Even if producers anticipate the season, they must make decisions months in advance about flock size, planting acreage, and processing schedules. Retailers respond with classic pricing strategies. Some offer a "loss leader" turkey (priced very low) to attract shoppers who will buy the rest of the basket at normal margins. Others bundle savings (for example, "Spend $50 and get a turkey for 99 cents per pound"), using bundling to lift the average transaction. Meanwhile, consumers compare unit prices (the per-pound or per-ounce cost) hoping to stretch budgets. Yet the intense time window compresses competition: families don't want to drive to five stores the day before Thanksgiving. That makes the reservation price (the most you're willing to pay) rise under time pressure. Add in stockouts (empty shelves for a single key item), and even patient shoppers may pay more for substitutes or higher-end brands. The result is a brief but powerful shift in market equilibrium, with higher quantity demanded colliding with constrained short-run supply.

Scarcity, Elasticity, and Substitutes in a Holiday Market

In textbook terms, price elasticity of demand measures how sensitive quantity demanded is to a price change. For many Thanksgiving staples, short-run demand is

relatively inelastic: even if the price of turkey or cranberries nudges up, families often buy them anyway because the holiday ritual matters. Inelastic demand lets retailers hold margins, except where competition is fierce or a chain deliberately uses doorbuster prices. For more peripheral items, such as sparkling drinks and specialty cheeses, demand can be more elastic, and shoppers switch to substitutes easily. Scarcity can be real (a poor cranberry harvest) or perceived (social media rumors about turkey shortages). Either way, if shoppers expect scarcity, they may buy early or hoard, pulling demand forward and tightening supply later. The presence of good substitutes moderates price spikes: if sweet potatoes substitute for potatoes, or chicken for turkey in some households, the pressure eases. But some items feel "non-negotiable," making them closer to necessities in context. On the cost side, farms face input prices, such as feed, fuel, and fertilizer, that can shift supply curves left or right. Transportation costs matter too: even when fields are abundant, a bottleneck in trucking or cold-chain logistics can make store prices jump. Finally, leftover inventory risk pushes suppliers to be cautious. Overproduce and you eat losses; underproduce and you leave money (and holiday goodwill) on the table. The equilibrium that emerges is a product of biology, logistics, psychology, and calendars, not just a simple price tag.

Behavioral Economics in the Aisle: Anchors, Loss Aversion, and the Race for Deals

Holiday shopping is a perfect lab for behavioral economics. First, anchoring: the first price you see (say, "$1.99/lb for turkey") becomes a reference point, shaping what feels like a "deal." Ads exploit this by presenting a high suggested retail and a dramatic markdown, even if another store quietly offers a lower everyday price. Second, loss aversion: people dislike losses more than they like equivalent gains, so missing the "best price" feels painful. This motivates doorbuster lines and rapid decisions, sometimes at the expense of careful unit price comparisons. Third, present bias and time pressure: when a recipe calls for heavy cream and the shelf is nearly empty, the "future me" who could comparison-shop tomorrow loses to the "now me" who pays more to avoid anxiety. Retailers also use choice architecture, such as endcap displays, limited-time signage, and "only 3 left" tags, to heighten urgency. Loyalty programs can obscure per-unit costs with point multipliers, making it harder to compare across stores. Meanwhile, households try tactics of their own:

buying private labels, splitting bulk packs, or planning menus around substitutes (roasted vegetables instead of a second pie). All of these micro-decisions affect consumer surplus: the difference between what a shopper would have paid and what they actually pay. Educated consumers improve outcomes by setting a budget in advance, reading unit labels, and watching for bundled promotions that truly fit their basket rather than pushing unnecessary extras. In short, the holiday aisle is a tug-of-war between pricing design and shopper strategy.

Supply Chains and Shocks: Weather, Disease, and Transportation

Behind the shelf price sits a long supply chain that can amplify small shocks. Early frosts can reduce cranberry yields; heavy rain can impede potato harvesting; drought can raise feed costs for poultry. Disease matters too: avian influenza outbreaks may reduce available turkeys and shift weights, altering the mix of fresh versus frozen birds. Even when farms produce enough, trucking constraints—driver shortages, fuel price spikes, or regional storms—can delay deliveries, leading to localized scarcity and temporary price dispersion across neighborhoods. Cold storage smooths these shocks by building inventory during the year, but storage has limits: freezer space, energy costs, and product quality over time. Processors plan months ahead for packaging, labor scheduling, and retailer promotions; a late shock is hard to absorb without price movement. At the retail end, planograms (shelf layouts) expand facings for holiday items, but backroom space remains finite. A surge on Tuesday can empty shelves by Wednesday afternoon, even when more pallets are en route. The lesson for consumers is practical: the more you can substitute (ham for turkey, homemade cranberry relish for canned), the more you can escape spikes. For students of economics, the lesson is analytical: holiday prices are a visible case of short-run supply, inelastic demand, and the outsized role of expectations.

Key Information: Thanksgiving Basket—Key Drivers at a Glance

Item	Typical Unit	Seasonal Drivers of Price	Common Substitutes	Notes
Turkey	$/lb whole bird	Inelastic holiday demand; flock size; avian influenza risk	Chicken, ham, roasts	Often used as loss leader
Cranberries	per can / fresh bag	Harvest yields; weather; processing capacity	Other relishes/jams	Fresh vs. canned price gap widens
Potatoes/Sweet Potatoes	$/lb	Weather at harvest; storage costs	Rice, rolls, other starches	Substitution tempers spikes
Pie (pumpkin/apple)	per pie	Cans, crusts, dairy input costs	Cakes, cobbler	Bundling common in bakery
Dairy (butter/cream)	$/lb or pint	Feed prices; cold-chain space	Oil/margarine; evaporated milk	Volatile; strong complement effects

Case Study Excerpt — The $50 vs. $75 Dinner: How Strategy Changes the Bill

On a chilly Saturday two weeks before Thanksgiving, Maya opens a spreadsheet. Her goal is $50 for a dinner serving six. The circular from Store A flashes "Turkey 99¢/lb with $50 purchase." Store B offers a smaller turkey at $1.49/lb but no minimum. Maya anchors on 99¢, but she notices the condition: she'd have to buy many items there, some at higher unit prices. She lists her basket—turkey, potatoes, green beans, stuffing mix, cranberries, rolls, butter, cream, pie—and compares per-unit costs across both stores and an online warehouse. The math surprises her: even with a more expensive turkey, Store B's produce is cheaper per pound, and the warehouse has butter at a far lower unit price. Midweek, a rumor about a cranberry shortage circulates online. A friend texts, "Shelves are empty!" Fearing stockouts, Maya considers buying two extra cans, but she pauses: if she hoards, she spends more now and may waste one later. Instead, she adds a recipe for a fresh substitute—orange-apple relish—so if canned cranberries run out, she still has a side. When she arrives at Store B, an endcap pushes a "Family Feast Bundle": buy rolls, stuffing, and pie together and save $4. She checks the numbers—individually, the private-label versions still win. Loss aversion tugs ("What if I'm missing the best deal?"), but her spreadsheet keeps her steady. She buys the cheaper turkey at $1.49/lb, loads up on discounted produce, and grabs warehouse butter on the way home. On Tuesday, a storm delays trucks to her neighborhood, and the cream shelf is thin. The only option is a premium brand; she buys a smaller carton and slightly tweaks the dessert. Final tally: $54—over target, but still far better than the $75 she would have paid if she had chased the 99¢ turkey and then filled the rest of the basket at higher prices to meet the minimum. The difference came from ignoring anchors, comparing unit prices, planning substitutes, and resisting panic when scarcity headlines spiked. Strategy didn't eliminate holiday inflation; it outmaneuvered it.

1. Which strategies helped Maya control costs even when scarcity and delays appeared?

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2. How did anchoring and loss aversion show up in Maya's choices, and how did she counter them?

Multiple Choice

1. In a holiday market with inelastic demand for core items, retailers often:

    a) Use loss leaders to attract shoppers who will buy complements

    b) Avoid discounts and promotions to keep retail prices stable

    c) Reduce shelf space for holiday items

    d) Raise prices on all goods equally

2. Which tactic most directly helps consumers see the true cost of competing offers?

    a) Buying bundles without checking line-item costs

    b) Comparing unit prices across sizes and stores

    c) Relying on the first advertised price

    d) Shopping only at one store to save time

3. A sudden rumor about shortages leads shoppers to buy early and hoard. This primarily shifts:

    a) The supply curve to the left immediately

    b) Prices downward because shoppers expect lower demand

    c) The demand curve to the right in the short run

    d) Long-run supply to the right

Matching

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

Term	Definition
1. ___ Anchoring	A) Buying more than needed due to fear of stockouts
2. ___ Loss leader	B) Goods that can replace each other when price changes
3. ___ Inelastic demand	C) First price seen becomes a reference point for later comparisons
4. ___ Hoarding	D) Demand becomes less sensitive to price in the short run
5. ___ Substitutes	E) Retail strategy: one item priced very low to draw basket sales

Fill-in-the-Blank

1. When items are bought together for a single meal, they often act as _____, so a price change in one affects the others.

2. A retailer offering a very cheap turkey to pull shoppers into buying the rest of the basket is using a _____ strategy.

3. Reading the _____ label reveals the true per-ounce or per-pound price for comparisons.

Short Answer

Answer each question in 2-4 complete sentences.

1. Explain how transportation delays can cause localized price spikes even when national production is adequate.

_____

_____

_____

2. Identify two consumer tactics that increase consumer surplus when shopping a holiday basket.

3. Why might the same household treat turkey as "inelastic" but sparkling drinks as "elastic" during Thanksgiving week?