

READ THE WHOLE THING! Your success on this project is heavily dependent on how well you follow instructions!

Name: _____ Block: _____

Contacting businesses via mail: (20 pts, 10 pts possible extra credit)

You have studied the principles of supply and demand. Another important step in showing your understanding is applying this knowledge to your everyday lives. We know that BOTH suppliers and demanders determine the price of goods and services, so why are some goods priced “too high?” Your task is to pick a product that YOU think is overpriced and write a letter to the head honchos!

Directions:

STEP 1:

Fill out the questions on the attached planning page before you write the letter. YOU WILL TURN THIS IN with a copy of your letter. This is where you demonstrate your understanding of the factors that influence supply and demand (RETT and TIMER). You also need to demonstrate that you understand the laws of supply & demand how they influence quantity supplied/quantity demanded. **THIS STEP IS ESSENTIAL AND YOU SHOULD TAKE GREAT CARE IN COMPLETING IT THOROUGHLY.**

STEP 2:

1. Open your Google Drive account. In the upper left hand corner, click on “NEW” and scroll to “Google Docs” and select from the pull down menu “From a Template”. Scroll down to “Letters” option and pick “Spearmint”. Once you have opened your document, name it Business Letter and you can move forward (you will erase the body and replace it with your own words... You just need it for the format.)
2. Compose a letter using your notes AND the sheet you filled out at the beginning; tell the company why you think their product is overpriced based on EVERYTHING you know about supply and demand. You must include factors that shift supply and demand as well as the laws. **My suggestion is that you put it in your own words. Do not write the following:** “As the law of supply states, when price goes up quantity supplied goes up.”

Example: If I were writing to North Face about the price of their winter coats being too high, I may say the following, “As we know, spring is right around the corner. I was just hiking in Manitou Springs last weekend and it was in the 60s! I know that I have definitely seen more and more individuals excited and ready for warm, outdoor adventures. Because people are expecting that summer temperatures are right around the corner, the demand will decrease for your winter product. A decrease in demand should lead to a decrease in the price of a product.” -This example is not using solely economic jargon; instead it is using a combination of facts and emotions to persuade while still identifying the economic shifter of E (expectations) from TIMER.

3. **You MUST include at least 2 demand shifters (TIMER factors) and 2 supply shifters (RETT factors) in order to earn a B. “A” letters will go above and beyond that!**

FOLLOW THIS LETTER FORMAT:

Paragraph 1: Introduce yourself (Do you frequent their store? Do you go to a competitor? How often do you use their product or a similar one?) In addition, briefly state why you are writing (do NOT say for an economics class; instead explain you're writing to discuss the pricing of an item they sell). Identify the price of product you are writing them about. Take a definite position on the issue of price.

Paragraph 2: This paragraph should be focused on DEMAND factors that influence price. State your opinion clearly. Why do you think price is too high? Use a combination of emotion and facts to persuade. Use examples to support your opinion whenever possible. This is where the Economics comes in! Use action words, use simple and direct sentence structure, organize the arguments logically, and eliminate slang -aka- do not write like you talk.

Paragraph 3: This paragraph should be focused on SUPPLY factors that influence price. Again, state your opinion clearly, and remember you're using supply factors to convince them that their price is too high. If I were writing a letter to North Face about their winter coats I could say the following, "I understand that producing a product takes a large amount of resources. The prices of resources can dictate how much a product costs. I have found that a primary resource for your winter coat is cotton. Last year the price of cotton dropped from 80 cents per pound to 18 cents per pound, this means that you should be selling your coats at a severely discounted rate, as it costs you less to produce them." -This example is highlighting the R of RESTT to convince suppliers to lower their prices. ***Google will come in handy for this section. ***

Paragraph 4: This is your closure. Wrap up your arguments and thank them for their time.

NOTE: I will be reading these letters, and will NOT send them to the companies unless they show a thorough understanding of the content, have sound arguments, AND are grammatically correct.

4. If you do not finish in class you will need to finish this for homework.
5. **Print two copies of your letter.** Turn one in with a **STAMPED** addressed envelope, do **not close the envelope!** Ms. Lukas will review the letters and decide which are acceptable to mail. If yours is mailed and you receive a reply from the company you will earn 10 extra credit points! If your letter is not acceptable and therefore not mailed, you will not have an opportunity to earn extra credit points.
6. Turn in your second copy of the letter for grading along with your planning page (20 points).
7. Companies often read these letters and reply with not only a kind note back, but free gear as well. Sometimes they give stickers; sometimes it is the actual product you were writing about. So if points for this class aren't incentive enough, free swag should be an added bonus!

Planning Page

Research the product you want to write about. Google the product and find the official website. You will need to know **retail prices** to use in your letter as well as **retail prices of any substitute brands** as evidence.

What product will you write about? _____

What is the average retail price for this product? _____

What is a substitute? _____

What is the average retail price for the substitute product? _____

Does it have a compliment? If so, what is it? How much does it cost?

You will also need to find the address of the corporate offices. You can find most addresses by simply Google searching the product name with the phrase corporate headquarters after. (ex: Apple corporate headquarters.) If you need help or clarification, just ask.

1. What is the address of the company?

2. Since you think the price of the product is high, you need to prove it with evidence! For each of the factors that shift Demand (TIMER) you need to write a one sentence statement about why their price doesn't match the shifter. Some shifter arguments may be stronger or easier to come up with than others. You should pick the strongest pieces of evidence you have and use these reasons in your letter!

T:

I:

M:

E:

R:

3. For each of the factors that shift Supply (RESTT) you need to write a one sentence statement about why their price doesn't match the shifter. Again, you should pick the strongest pieces of evidence you have and use these reasons in your letter!

*For Supply if it is hard to find information about things like technology and resources then your letter should say something like, "I understand that costs are rising however the prices you pay for _____ (insert one of the resources they use) doesn't add up to explain the high price of _____" (insert actual price of the product you are talking about) This way you can reference things like resource prices and technology without actually knowing what their real resource prices and technology used are.

R:

E:

S:

T:

T:

Use the rest of this page to brainstorm things you want to say. When you have finished with the planning you may want to get with a partner to review your main arguments to ensure they are cohesive and make sense to another reader.