

The Incredible Changing Price (Part 1)

Dynamic pricing is when the price of an item changes based on demand. There are many businesses that use dynamic pricing. Airfare prices, hotel rooms, and ride shares all change their prices based on demand.

The Incredible Changing Price

Examine the following examples of **dynamic pricing**.

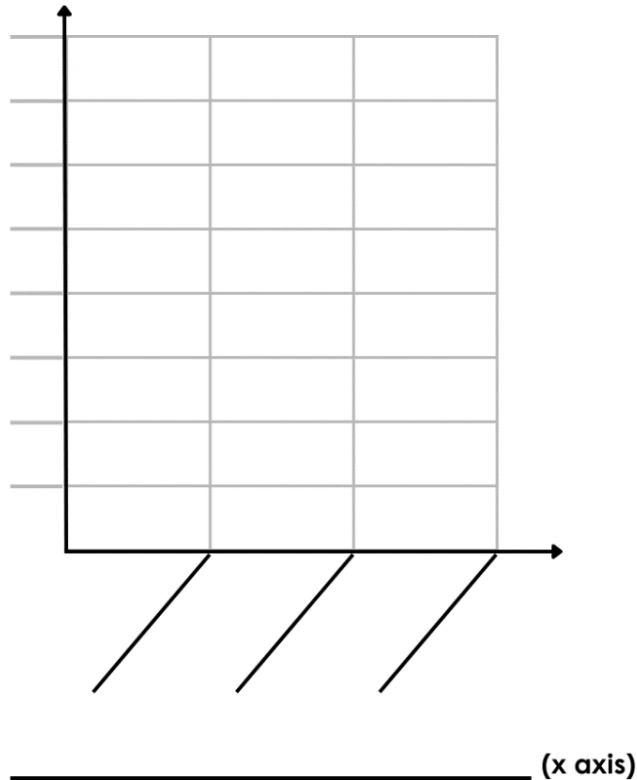
Example 1: Disney World Tickets

The price of a 1-day ticket to Walt Disney World is not always the same.

Title:



(y axis)



What might explain the differences in prices?

Do you think these price differences are reasonable?

- ☐ Reasonable
- ☐ Unreasonable

Example 2: Hotels

During major events, hotel prices can drastically change. Compare the average price to the price the night of an event.



Average Hotel in
Minneapolis
\$154

Average Hotel in
Minneapolis during
Taylor Swift's Tour
\$296

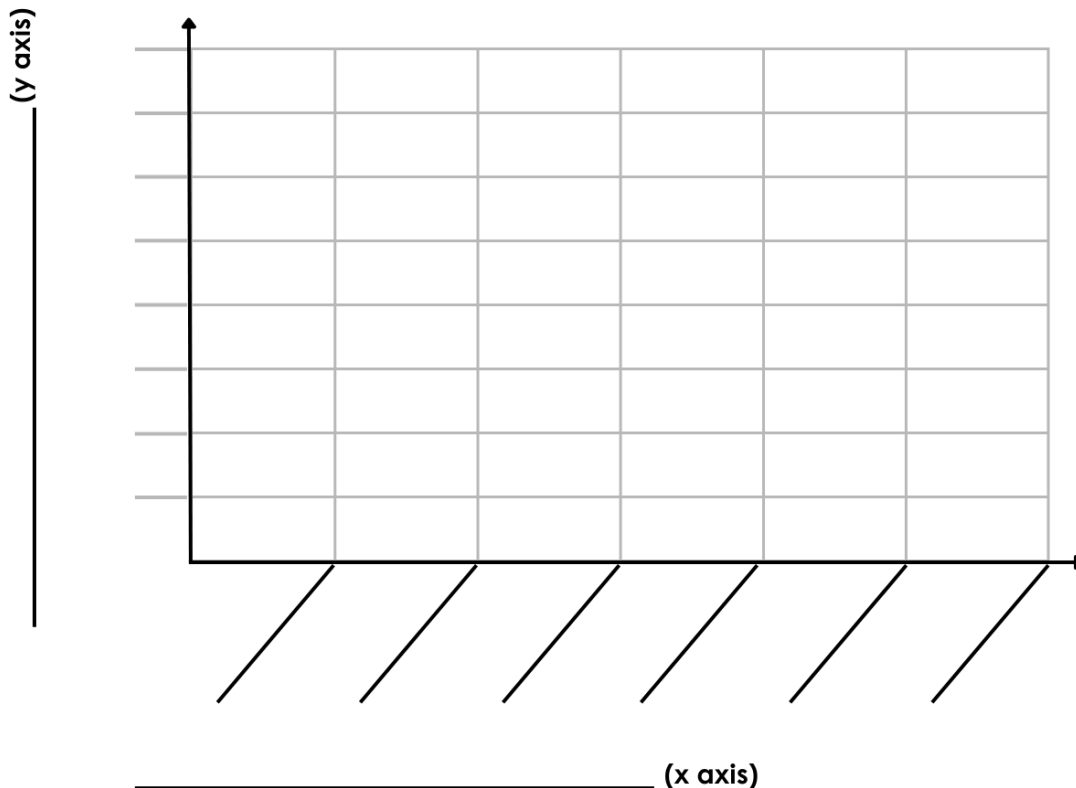
Average Hotel in
Charlotte
\$174

Average Hotel in
Charlotte during
Beyonce's Tour
\$252

Average Hotel in
Glendale
\$216

Average Hotel in
Glendale during the
Super Bowl
\$536

Title:



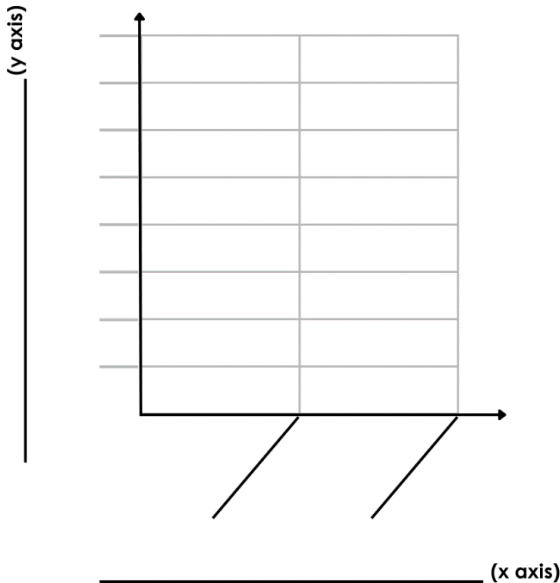
How would a hotel owner
feel about these
increases?

How would a fan
attending the event feel
about these increases?

Do you think these
price differences are
reasonable?

- ☐ Reasonable
☐ Unreasonable





Rapper Drake was scheduled to perform a concert in Montreal, Canada, on July 14, 2022. The tickets were sold through Ticketmaster. When the ticket sale began, there was high demand for the tickets. Ticketmaster used **dynamic pricing**, and the price for the tickets increased. A man paid \$789.54 for an “Official Platinum” ticket.

The next day Ticketmaster announced there would be a second concert the next day. There was less demand for tickets for the second show. “Official Platinum” tickets were \$350.

Use the ticket prices to make a bar graph.

The man joined with other upset customers and sued Ticketmaster. The man said that Ticketmaster intentionally tricked fans by raising the prices and not announcing that there would be 2 shows.

Who should win this case?



Use the DRAAW+C Framework to write your decision.

D	Who should win? The man or Ticketmaster?
R	What is the rule?
A	What is the man's best argument?

A	What is Ticketmaster's best argument?
W	Why is your decision the best decision for the world?
C	Conclusion

Discussion Questions

- Dynamic pricing is legal. But is it fair? What are the best arguments for both sides?
- How does dynamic pricing make it harder for some people to afford certain things?
- How can people learn to make smart choices with dynamic pricing? What do they need to know to do it well?
- What responsibility do companies have to make sure their pricing is clear to customers?
- How would dynamic pricing impact the way you plan a vacation?