
Agriscience and Biotech 4: Agricultural Solutions

Unit 7: Agricultural Microeconomics

Lesson 2: Pricing and Revenue Considerations

For Teachers

Grade Level: 12

Brief Introduction: In this lesson, students will use the Piedmont Farm case study to gain an understanding of pricing and revenue concepts. Revenue elements such as market competition and price sensitivity will also be discussed.

Creator(s)

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Jen Weiss is a Senior Environmental Finance Analyst at the EFC, focused on financial models and mechanisms that can be used by universities, non-profits, and other public organizations to encourage the implementation of renewable energy and energy efficiency projects. Jen holds a Master of Environmental Management degree from Duke University, an MBA from the University of Michigan, and an undergraduate degree in Economics from the University of California in San Diego.

Precedents

Students must have completed Lesson 1 in the 12th grade Agricultural Microeconomics Unit 7. In addition, is recommended that students have completed Units 1 – 6 of the 12th grade Agriscience and Biotechnology strand.

Brief Summary: This lesson provides an introduction to market pricing and revenue considerations for a small farm. The lesson will use the Piedmont Farm case study to outline the elements of how to price and market agricultural products.

Keywords (Metadata):

Agriculture | Economics | Pricing | Revenue | Competition | Customer | Price Sensitivity | Supply | Demand

Learning Outcomes

1. Understand key agricultural microeconomics revenue and pricing concepts
2. Predict outcomes to changes in a small farm's revenue and pricing
3. Analyze customer needs and price sensitivities
4. Understand the importance of assessing the competition

Class Time Required

1x 90 minute class period



Materials Needed (if not indicated in lesson documents)

Copies of the following for the teacher:

1. Pricing and Revenue Considerations Teacher Notes (ppt)
2. 4 – 5 different types of produce and associated price per pound for each. Examples include apples, pears, oranges, carrots, potatoes, lettuce and spinach.

Copies of the following handouts for students (from last class):

1. Piedmont Farm case study (.pdf)
2. “Know Your Customer” worksheet (.pdf)
3. “Assess Your Competition” worksheet (.pdf)

LCD Projector

Computer Software and Technology Needed

Internet, word processing, excel spreadsheet

Teacher Instructions for Conducting Lesson

Part 1 (45 minutes):

Begin by introducing the concept of revenue and how pricing plays a role. Select three to four students from the class to play the “Price is Right” game. Review the key concepts of how to price a product.

PowerPoint Slide Instructions: Print out Pricing and Revenue Consideration Teacher Notes. ***The information for each slide can be found in the “notes” section.***

Goal for Part 1: Complete slides 1-3 to introduce pricing and revenue concepts and outline the game. Complete slides 4-5 to discuss the revenue from Piedmont Farm

Part 2 (45 minutes):

Hand out the “Know Your Customer” and “Assess your Competition” worksheets to students. Instruct students to use the Piedmont Farm case study to think through their pricing decisions. Advise students to write down their individual responses. There are no right or wrong answers – the questions are to be used to promote class discussion.

PowerPoint Slide Instructions: Print out Pricing and Revenue Consideration Teacher Notes. ***The information for each slide can be found in the “notes” section.***

Goal for Part 2: Complete slides 6 – 9 to help students understand the importance of gaining knowledge about customers and competitors in order to make pricing decisions. If time allows, do the optional exercise on slide 10 (what happens if there is a limited supply of a product)?



Additional resources for teachers and students

“Farm to Fork: A Direct-to-the-Consumer Beef Marketing Handbook,” by Annette Dunlap, Geoffrey Benson, and Matt Poore, Agricultural Marketing Resource Center, October 2008. www.ncsu.edu/fvsi/beefhandbook/docs/NCSU-BeefHandbook-0510.pdf

NC State University, Department of Agricultural and Resource Economics, Beef Budgets and Guidelines: <http://ag-econ.ncsu.edu/extension/beef-budgets>

“Sample Costs for a Cow-Calf/Grass Fed Beef Operation,” University of California Cooperative Extension, 2004, <http://coststudies.ucdavis.edu/files/beefgnc2004.pdf>

***Original version (if legally derived from somewhere else)**

Portions of the Piedmont Farm case study are adapted from the background and history of Ranney Ranch.

Portions of the materials are adapted from “Farm to Fork: Direct-to-the-Consumer Best Marketing Handbook,” By Annette Dunlap, Geoffrey Benson, and Matt Poore, Agricultural Marketing Resource Center, October 2008.

