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COMPETITION

Competition exists in a market when there are many buyers and sellers of similar products. Competition enhances quality and lowers price.

COMPETITION

Definition/Background

Competition among sellers lowers prices and encourages producers to make more of what consumers are willing and able to buy. Competition among buyers increases prices and allocates goods and services to those people who are willing and able to pay the most for them. For example: fast food restaurants that set prices too high or provide slow, unfriendly service, may risk losing customers to competing restaurants that offer lower prices, higher-quality products, and better service. In this way, competition benefits consumers. The pursuit of self-interest in competitive markets generally leads to choices and behaviors that also increase the national level of economic well-being.

Teaching Ideas

1. Have students create a cartoon of five to seven frames illustrating the competition between two or more businesses.
2. Bring in several sales circulars from newspapers and allow students to create a collage illustrating the competition between local businesses.
3. List five local businesses on the board. Ask students to name a competitor for each business.
4. Some ways businesses compete are by advertising their goods and services, lowering prices, providing good customer service and offering incentives. Ask students to find examples of these methods in the local newspaper.

Lessons & Resources

Print Lessons

Focus: Economics Grades 3-5, Lesson 8: Competing for Buyers (elementary)

Master Curriculum Guides in Economics: 3-4, Lesson 12: A Classy Competition (elementary)

Financial Fitness for Life: Grades 6-8, Lesson 14: Comparison Shopping (middle)

Online Lessons

What is Competition? (elementary)

<http://www.econedlink.org/lessons/index.cfm?lesson=EM509&page=teacher>

Marketplace: Corporate Leap Frog (middle)

<http://www.econedlink.org/lessons/index.cfm?lesson=EM505&page=teacher>

Literature

- **The Donut Chef** by Bob Staake. Golden Books, 2008. A baker must create new flavors for his donuts in order to stay competitive with the new donut shop that has opened across the street. [Grades K-3]
- **The Lemonade War** by Jacqueline Davies. Houghton Mifflin, 2007. The competition is fierce as Evan and his younger sister, Jesse, work to be the first to earn 100 dollars at their summer lemonade stands. [Grades 3-6]
- **Lunch Money** by Andrew Clements. Simon & Schuster Books for Young Readers, 2005. 12-year-old Greg, the creator of Chunky Comics, works hard to sell his products at school despite fierce competition. [Grades 4-7]
- **The Get Rich Quick Club** by Dan Gutman. HarperCollins, 2004. Fifth-grader Gina and four of her friends plan to become millionaires over the summer by selling a bogus UFO photograph to the tabloids for profit. [Grades 4-7]

VIRGINIA COUNCIL ON ECONOMIC EDUCATION

VCEE is a nonprofit organization providing Virginia's K-12 teachers with professional development, quality curriculum and other resources to promote economic and financial education. Visit www.vcee.org or contact VCEE or one of its affiliated centers for economic education to learn about specific opportunities.

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The **Virginia Council on Economic Education**, in cooperation with The **Federal Reserve Bank of Richmond**, is pleased to provide this poster featuring a winning entry from the **2008-2009 Color the Economic Concepts Contest**.

Teachers in Grades K-8: Give your students the opportunity to illustrate their knowledge of economic concepts in a creative and fun way. They may be selected for a poster next year! Winning students also receive a \$50 U.S. Savings Bond.

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For more resources on teaching economics and the Federal Reserve System go to www.richmondfed.org/educational_info. Among these free and easy to use resources you'll find lesson plans, workshop information and publications.

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