THE TRADING FLOOR

Trader sheet · markets and competitive advantage review · one per student

GRANDE U

Name ______________________ Period ______________ Date ______________

1 WARM-UP · SAME WATER, TWO PRICES

It's halftime. What happened to the $2 stand and the $6 stand?

____

____

If you owned the $6 stand, what would you do?

____

____

2 MY ROLE

Circle one: **SELLER** / **BUYER** Card # ______ My number on the card: $______ Round 2 number: $______

Seller: never sell below your cost. Buyer: never pay above your worth. Both say yes, or there's no deal.

3 PREDICTIONS · WRITE BEFORE EACH ROUND

Round 1 price: $______ Round 2 standard: $______ premium: $______ Round 3 price: $______

4 MY RESULTS · COPY FROM THE TALLY ON THE BACK OF YOUR CARD

Round 1 gain: $______ Round 2 gain: $______ Round 3 gain: $______ **Total gain: $**______

Which round was hardest for you to make a deal in? Why?

____

____

Did the price you predicted in box 3 match what actually happened? What surprised you?

____

5 CREATE · YOUR MOVE

Think about the business you're building. Its market is most like round **1 · 2 · 3** (circle) because

____

My way to win (circle one): **CHEAPEST** (efficient) · **DIFFERENT** (show buyers why you're better) · **A WALL** (something rivals can't easily copy)

What I'd say to a buyer who can get something similar for less:

____

____

6 EXIT TICKET · ON YOUR OWN

1. Nobody announced a price in round 1, but the deals settled near one. Explain how, using the words **sellers** and **buyers**.

____

____

2. Name one barrier to entry that could protect a business you know, and say who it keeps out.

____

STUCK? READ THIS SIDE

Nothing to fill in here. Flip back when you're ready.

GRANDE U

SIX IDEAS YOU'LL USE TODAY

Market
Any place, in person or online, where sellers and buyers deal. It can be local, regional or global.

Test: are sellers and buyers meeting to trade?

seller · buyer · customer · trade · deal · local · regional · global · online · physical · marketplace

Voluntary exchange
A trade both sides agree to. The seller earns revenue and the buyer gets something they want.

Test: could either person have walked away?

agree · both say yes · revenue · value · need · want · no deal · walk away · fair trade

Prevailing market price
Sellers push prices up for profit, buyers push down for savings, and in a competitive market deals tend to settle near one price.

Test: did the last few deals bunch together?

profit · savings · higher price · lower price · settles · going rate · competitive market · most deals

Commodity vs. differentiated
A commodity is basically the same no matter who sells it. A differentiated product has features that set it apart.

Test: could a buyer tell the two products apart?

identical · similar · efficient · lowest price · quality · unique features · customer service · marketing · premium

Barrier to entry
An obstacle that makes it difficult (not impossible) for new businesses to compete.

Test: what stops a new rival from opening tomorrow?

patent · intellectual property · permit · regulation · limited suppliers · high startup costs · large scale · low prices · license

Monopoly
A market with only one business selling a unique product. It works to keep barriers up.

Test: can buyers get this anywhere else?

only seller · no rivals · unique · protect · barriers · no competition · control

HOW TO FIGURE YOUR GAIN

A **seller** whose card says $4 sells for $7.
Gain = price − cost = $7 − $4 = **$3 profit**.

A **buyer** whose card says $9 pays $7.
Gain = worth − price = $9 − $7 = **$2 savings**.

SEE THE DIFFERENCE · ANSWERS ALREADY GIVEN

Invented example	Answer	Why
Three farm stands sell the same sweet corn	Commodity	Buyers can't tell the corn apart, so price and efficiency decide.
A sneaker brand adds a lifetime-repair promise	Differentiated	A unique feature and better service set it apart.
Only drivers with a city license may run a taxi	Barrier to entry	A regulation limits who can compete.
A drug company holds a patent on a new medicine	Barrier to entry	Intellectual property keeps rivals from copying it.
The only water company in a small town	Monopoly	One business, no rival products.
A giant store sells cheaper because it buys in huge amounts	Barrier to entry	Low prices from large scale are hard for newcomers to match.

FOUR MIX-UPS THAT COST POINTS

1. **"The seller sets the price."** A seller sets an asking price. The market price is where sellers and buyers actually agree.
2. **"The average is the market price."** Early deals are guesses. The last few deals, after the room has learned, are closer to the prevailing price.
3. **"Premium always wins."** Being different only works if buyers value the difference.
4. **"A barrier makes competing impossible."** The course's word is **difficult**, not impossible.

HOW IT ADDS UP · A WORKED EXAMPLE (INVENTED)

> **Business:** a phone-case stand at the mall. → **Market:** lots of stands sell similar cases, so it's like round 1. → **Way to win:** DIFFERENT: custom designs printed while you wait. → **What to say to a buyer:** "You can get a plain case anywhere. You can only get *your* design here, in five minutes."