

Name: \_\_\_\_\_

## Incentives

Incentives are offered to individual with the intention, or hope, that you will react in a certain way. They can have positive or negative effects on an individual's behavior. Both types of incentives are all around us. Here are a few examples:

### Positive Incentives

- Do you receive an allowance at home for doing chores, such as shoveling snow or cleaning your room?
- Does a neighbor give you extra money for raking their leaves or taking their dog for a walk?
- Do you receive good grades when you have studied really hard for a test?



### Negative Incentives

- If you lose a library book, you probably can't check out new ones.
- A note is sent home if you misbehaved during school.
- You are not able to use your digital devices or watch TV if you're room isn't clean

In the examples above, think about which type of incentive may work better, positive or negative. Why do you think that is so?

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What is the best reward you have ever received for doing something? \_\_\_\_\_

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What is the worst consequence or negative incentive you have received? \_\_\_\_\_

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Do rewards or penalties work best with you? What are your thoughts?

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Economic incentives are used to try and get you to react in a certain way. Here's a list of common ones:

- Encourage you
- Persuade you
- Convince you
- Bribe you
- Punish you
- Reward you
- Penalize you
- Influence you

Companies use incentives all the time in marketing and advertising efforts to try and get individuals to purchase their product. They can even make you feel like you are missing out on a really good offer if you don't immediately purchase a product. When you go shopping at the grocery store, you may only need one can of soup but there is a 'special' that if you buy 5 you get 5 free. That's using an incentive to try and influence your purchase. Another example is when celebrities are featured in advertisements endorsing a product. Look at all of the advertisements involving athletes and gym shoes.

Be a wise consumer and think about the incentives. Thinking about the real benefits of an incentive can help you maximize your money.