

When Algorithms Set the Price

C1 | Adults / Teens | Reading + Vocabulary + Discussion | 60-75 minutes

BEFORE YOU READ

Talk with a partner. Would you accept a price that changes from one minute to the next if it helped a business use its resources more efficiently?

1. Match the words (1-6) with the definitions (A-F).

1. **dynamic pricing** _____

2. **transparent** _____

3. **scarcity** _____

4. **exploit** _____

5. **incentive** _____

6. **accountability** _____

A. the duty to explain and accept responsibility for decisions

B. a situation in which there is not enough of something

C. a system in which prices change according to conditions

D. open and easy for people to understand

E. something that encourages a particular action

F. use a situation unfairly for advantage

2. Read the article. The bold words are the vocabulary from Activity 1.

1. Airlines have long changed fares according to demand, but **dynamic pricing** now appears in far more places: taxi apps, concert tickets, electricity and online shopping. Supporters argue that a changing price can reflect real conditions. When supply is limited, a higher price may reduce demand or encourage providers to offer more of a service.

2. The difficulty is that customers rarely understand the system. A price can rise because of heavy demand, limited stock, a user's location or an assumption made from previous behaviour. Without a **transparent** explanation, people may reasonably suspect that they are being treated differently for reasons they cannot challenge.

3. Defenders of the practice point to **scarcity**. If there are few drivers during a storm, higher fares may create an **incentive** for more drivers to work. A fixed low price could mean that no car is available at all. In this view, the price is not simply a charge; it is information about a limited resource.

4. Critics reply that this logic has limits. A company may **exploit** urgency when people have no realistic alternative, such as during an emergency or at the end of a late-night journey. The moral question is not whether prices may change, but whether a person can make a meaningful choice when they do.

5. For that reason, some regulators are considering stronger **accountability**. They may require clear notices, limits in emergencies, or an explanation of the factors that affect a price. Such rules would not remove algorithms from the market, but they could make the systems easier to question.

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UNDERSTAND, DISCUSS AND WRITE

3. Comprehension. Answer in complete sentences. Use the article to help you.

1. Why do supporters say dynamic pricing can be useful?

2. Why might customers distrust a changing price?

3. How can higher taxi fares be defended during a shortage?

4. When does the article suggest dynamic pricing may become unfair?

5. What forms of accountability does the article mention?

4. Discuss. Talk in small groups. Give reasons and examples.

- Should all dynamic prices be explained to customers?
- Should prices rise during a shortage of essential services?
- When is a customer making a free choice?
- Can an algorithm be fair if its decisions are difficult to explain?

5. Homework: Write an opinion paragraph.

Write 180-220 words: Should governments limit dynamic pricing? Develop your position, address one opposing argument and give a practical example.

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ANSWER KEY AND TEACHING NOTE

Vocabulary matching

1. **dynamic pricing** - C
2. **transparent** - D
3. **scarcity** - B
4. **exploit** - F
5. **incentive** - E
6. **accountability** - A

Comprehension answers

1. Why do supporters say dynamic pricing can be useful?

It can reflect supply and demand, reduce demand when resources are limited and encourage more providers to offer a service.

2. Why might customers distrust a changing price?

They may not know which factors caused it or whether they are being treated differently for unfair reasons.

3. How can higher taxi fares be defended during a shortage?

They may encourage more drivers to work, making a car available when a fixed low price would not.

4. When does the article suggest dynamic pricing may become unfair?

It may be unfair when a company exploits urgency and people have no realistic alternative.

5. What forms of accountability does the article mention?

Clear notices, limits in emergencies and explanations of the factors that affect a price.

Teaching note

Compare vocabulary answers before reading. Help learners plan a pricing policy: a position, an example and a counterargument. Accept accurate comprehension paraphrases and supported personal responses.