[COLD OPEN]

JED (singing to himself): Pizza, pizza, pizza today! I’m gonna get some pizza with my pay. It’s gonna be sausage and lots of cheese. Ba-dum-dum-something-something please! Or I’ll make my own using some cold cuts. Uh, uh, what food rhymes with cuts...

BRIDGET: Hey Jed, the show’s going.

JED: Nuts!!!

[THEME MUSIC]

JED: Hel-looo, thanks for joining us here at Million Bazillion -- where we help dollars make more sense! I’m Jed, and with me, as always, is my co-host Bridget!

BRIDGET: This is going to be a great day because today is Pizza Day! We’re getting pizza for lunch!

JED: Hey Bridget, what’s your favorite pizza? Mine is pineapple, pine nuts, porcu-PINE, and little bits of pine needles. It’s lumberjack pizza, tim-berrrr!!!

BRIDGET: Interesting choice, Jed...my favorite is pepperoni with green peppers and mushrooms. To each his own.

JED: Ok, next step in Pizza Day, as always, digging through the couch cushions for enough change, so we can order the pizza!

BRIDGET: Meanwhile, let’s get to today’s listener question. And remember, if there’s a question you’d like us to answer, you can send it to us at marketplace.org slash million. Today’s question comes to us from a listener in the Midwest.

*MICAH: Hi, my name is Micah, and I’m from Evanston, Illinois, and my question is who decides what things are worth?*

BRIDGET: That’s a GREAT question, like yeah, why DO things cost what they do. And Oooh, Jed, are you thinking what I’m thinking?

JED: Yup! If you rearrange the letters in Evanston, Illinois, you get “I sell innovations”!

BRIDGET: Huh, interesting, but uh...no, I was thinking...since it’s pizza day anyway, why don’t we use pizza to answer the question!

JED: Yes! The Price of Pizza!

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NARRATOR: ASKING RANDOM KIDS NOT SO RANDOM QUESTIONS.

TODAY’S QUESTION IS: If you had to make the most expensive pizza ever...what would it have on it?

VARIOUS ANSWERS

NARRATOR:: That was Mirabelle, John in Nova Scotia, Abby in D.C., Quint and Soren in Edina Minnesota, Arielle in Fairfax VA.

This has been Asking Random Kids Not So Random Questions.

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BRIDGET: You know who really knows Pizza? Ann Kim. She has THREE pizza restaurants in and around Minneapolis! She seemed like she’d probably know the answer to why pizza costs what it does. Fun fact about Ann:

*ANN: I get to eat pizza everyday, which is also my all time favorite food.*

BRIDGET: Ann’s pizzas range from $10 to about $23 dollars. And she told us that a big part of how she figures out her prices is how much it costs her to make a pizza. Now, what goes into a pizza? (:29, tape [here](https://www.dropbox.com/preview/MP%20Funny%20Money/Raw%20Audio/S01%20E03%20Price%20of%20Pizza/Bridget%200727%20PickUps%20for%20Rough.wav?role=work))

ANN: For me, it always starts with really great dough, which turns into a really great pizza crust.

BRIDGET: On top of that, you’ve got your sauce. And don’t forget cheese. "In just one month, she uses the same weight in cheese as, like, four cows."…

ANN: ...thousands and thousands of pounds… BRIDGET: Wow. ANN: We make a lot of pizza. We’re very popular. (laughs)

BRIDGET: And then, of course, the toppings. All of these ingredients cost Ann money. But she also has a lot of other costs.

ANN: Other things might be like rent, because our restaurants are in a building, and we have to pay the rent to be having our business there.

BRIDGET: There’s the electricity bill, there’s equipment, there’s the other stuff you need to run a restaurant.

ANN: We have furniture that’s comfortable and pretty...

ANN: And sometimes things like plants and flowers and candles and little details are really important to me, but they all have a cost.

BRIDGET: These other kinds of costs -- the ones that don’t have to do with making pizza -- are called “overhead.” No one really knows why it’s called that. But all of these costs combined add up. If Ann wants to stay open, she has to charge at least enough for her pizza to cover these costs. Any extra money that’s left over is her profit, ~~or profit margin~~...which she can spend back on the business or save for another day.

JED: Ok, now we know what goes into a pizza and how that affects the price. If you’re like me, though, it helps to have a way to picture things. So, let’s think of the price of pizza as… well, a pizza! Ok, imagine an entire pizza -- that delicious circle of sustenance and delight. Say it’s got eight slices...

(SFX - pizza cutter sound)

JED: Ann says about 25 percent of the cost comes from flour, cheese, tomatoes -- the ingredients.

ANN: If there was eight slices, then I would say two slices would come from the raw ingredients.

(SFX - GOBBLING SOUND)

JED: Ok, so there are six slices left.

BRIDGET: Don’t forget the overhead costs like rent.

(SFX - GOBBLE GOBBLE)

JED: That pizza’s going fast. Oh yeah, and there’s another major cost!

ANN: I would say our biggest cost at all the restaurants is labor -- paying for the people that are actually a part of making and serving the pizzas.

JED: Labor costs three slices!

(SFX - FRANTIC CRAZY GOBBLING)

BRIDGET: Ann says if she’s set the price right, she’ll have a little over one-and-a-half slices left. For every dollar you spend on pizza, Ann only gets 20 cents at the end of the day. Which seems to be pretty typical for most pizza places.

JED: But it’s not just Ann deciding the price of that pizza. She sets the price in part based on what ingredients cost. Like cheese. But how does the price of cheese get set? I called up Tiffany Morse, who works at Rumiano Cheese in Crescent City, California. They make a lot of cheese, including the stuff that goes on pizza.

TIFFANY: On a day that we’re making mozzarella, we make 40,000 pounds. That’s just in one day.

JED: Their factory floor has all sorts of machines. Ones that make the cheese. Ones that move it...

TIFFANY: … big conveyor belts that bring the cheese all the way into the packaging room.

TIFFANY: That’s a forklift taking the cheese over to the cold room.

JED: I already said they make a lot of cheese, right?

TIFFANY: (sound) How much does that pallet weigh, John? … Over 2000 pounds of cheese.

JED: It’s a big operation with lots of costs that they consider when they set the price of cheese.

TIFFANY: We have to try to make that profit margin enough to be able to keep all of those different parts of the equation kind of working like the well working machines that we use to make the cheese itself.

JED: Same thing happens at the dairies where they buy their milk from. (SFX - POURING MILK INTO A GLASS) And then before that, there are the ranches where dairies buy their cows. (SFX - MOO) It’s a supply chain, and every link in it sets its price based on its costs.

BRIDGET: And that means, if something happens so that ranches have to raise their prices, then dairies have to raise their prices, and then cheese factories have to do it, and finally so do pizza places.

JED: The price of pizza is pretty complicated! Good thing it’s so delicious. I’ll keep buying it. Coming up, why you might decide to spend more dough for some pizza than for others. But first, we have a question for you.

<WOULD YOU RATHER INTERSTITIAL>

NARRATOR: Here’s something I’ve been pondering…

Would you rather...eat OKay pizza...anytime you wanted...it’s good, but not great...

OR

Only eat pizza once a year...but it’s always the MOST amazing pizza you’ve ever had?

Which would you rather?

**[MIDROLL]**

**Pizza Facts Interstitial:**

(MUS. STACCATO, LIKE WHAT THEY PLAY OVER NEWS STORIES COMING IN OFF THE WIRE)

WALTER CRONKITE-ESQUE VOICE: And now, a Million Bazillion pizza facts…

BRIDGET: First up, did you know that the price of pizza changes depending on where you live? A couple years ago, the city with the most expensive pizza prices was Buffalo, New York, with a large cheese pizza coming in at $14.79. The cheapest pizza city was Lexington, KY, at $5.99. There was no information on which one tasted better.

JED: Fact 2, the largest pizza ever, according to Guinness World Records, was so big, if you laid it over a baseball diamond, it would completely cover all of the bases.

BRIDGET: The most expensive pizza you can buy, according to Guinness World Records, has dough made with black squid ink; foie gras, which is goose liver; two kinds of caviar; and flakes of 24 karat gold. It costs $2700.

JED: And finally, can you guess the most popular pizza toppings people order? According to Domino’s, it goes pepperoni, then sausage, then bacon, mushrooms, and finally, at number five, pineapple!

WALTER CRONKITE-ESQUE VOICE: “This has been a Million Bazillion pizza facts. Or, I guess it was only four facts. But you know what I mean.” MUS. OUT

BRIDGET: OK, so earlier, we answered part of Micah’s question about who decides what things are worth...But Jed, what about the rest of it?

JED: What do you mean? We’re not done? I was already picking out music for my final thoughts…

BRIDGET: Well, yeah, I mean, Ann Kim and Tiffany Morse told us about all the things *business owners* think about when they set their prices for say, a pizza or...pizza cheese. But what about you, when you buy a pizza? Because even in the same town, the price of a pizza is different depending on where you go...there’s the fancy pizza place, and then there’s the place that’s just a pick up window...which one do you choose??

JED: Huh. Okay...yeah, I see what you mean. Actually, I know exactly who I want to talk to about this. Marielle Segarra. She’s the Consumer Psychology and Pizza Reporter at Marketplace.

BRIDGET: (wondering off mic) They have a Consumer Psychology and PIZZA Reporter???

JED: She’s in my speed dial.

[super fast auto dial] [RINGGGGG]

MARIELLE: Hello?

JED: Hey, Marielle. Is this a good time?

MARIELLE: Uh, yeah. I’m just making a pizza.

JED: Perfect! I mean, we're talking about pizza, trying to figure out like, why pizza costs what it costs. Can you answer some questions?

MARIELLE: Yeah, let's do it.

JED: Alright, Marielle. So I want to get some pizza and I got to decide how much I'm going to spend on it. Like, what do I need to think about?

MARIELLE: Well, I think it's about how much pizza you need, how hungry you are, how much money you have and, you know, what you're willing to pay, and also which pizza place is the easiest and the fastest to get to. You know, sometimes if I'm really hungry, I'm not willing to go super far. So I'll just end up getting a slice on the corner, you know, because I run out of time.

JED: Alright, so then pizzas cost different prices and if one costs more than the other, does that mean that it's better than the other?

MARIELLE: It depends on what you mean by better. You know, sometimes it's really popular if people are lining up around the block for it maybe, so that pizza place knows that it can charge more. A lot of that comes down to its brand. You know, if you're like the hot new pizza place in town, you have a really, a really well-known brand, then you can charge more. But that can kind of, that can get out of control, too. Like sometimes what you end up paying for is the brand and it's not the quality of the pizza itself. And there might be a pizza place on your corner that nobody knows about and its pizza is just as good or better.

JED: Yeah, but nobody's buying it because they don't know about it.

MARIELLE: Right, exactly.

JED: This is probably true for more than just pizzas, right?

MARIELLE: Well, yeah, I mean, maybe you really love sneakers and you know that you love to buy some really popular shoe that everyone's wearing at your school. You might be buying that because you think that it's going to last you a long time, or you think it's going to look really good on you. Or you might just be buying it because that's what everyone else has. And meanwhile, you could get another shoe that's not a brand name, that might last you just as long or look just as cool.

JED: I make my own shoes out of pizza boxes.

MARIELLE: (Laughs). I love that. Will you make me some?

JED: I’m all empty right now. They won't survive the trip. Okay, so we talked about people deciding what they want in their pizza right away. And also the effect of brand name on the price of a pizza. Is there anything else?

MARIELLE: Yeah, I feel like it's also a matter of values. Your values. So sometimes you might decide that you're willing to pay more for your pizza if you support the pizza place that's making it. Maybe you're really into the environment and sustainability, and there's a pizza place in your neighborhood that grows fresh basil on its roof and buys its cheese from a local dairy farmer that's ecofriendly. And so you're willing to pay more for that pizza because it, its mission is something that you believe in, or, you know, maybe you want to support local businesses, so you'll buy from the mom and pop pizza place on your street even though it costs more than the national chain that delivers to your house. Or, you know, sometimes there might be a pizza place that says we're gonna pay our employees more and give them more vacation time, and that's important to you. One thing I've realized is that when things are really cheap, there's often a reason. It's because that place is cutting corners in some way. And it's worth figuring out why what you're buying costs what it does, and what some of those corners might be.

JED: Well, that's a lot to think about. A lot to chew on. Alright, before you go, pizza lightning round.

MARIELLE: Yes, hit me.

JED: Alright. Favorite pizza?

MARIELLE: Sausage with ricotta and arugula.

JED: Wow, that sounds confusing. Okay, knife and fork or fold it in half?

MARIELLE: Fold it in half! I'm a New Yorker.

JED: Okay, pineapple always or pineapple never?

MARIELLE: Pineapple never.

JED: Pineapple never? Pineapple’s so good!

MARIELLE: On pizza? I don’t think so.

JED: Well, thank you very much.

MARIELLE: Thanks, Jed.

[STING]

JED: We’re going to keep answering the questions you send in to our website, marketplace dot org slash millions.

We’ve ALSO been asking some grown ups to answer some questions for US…

I’m Duff Goldman host of the Kids Baking Championship and author of Super Good Baking for Kids and you’re listening to Million Bazillion.// If I had to invent the most expensive pizza ever, it would have like, little almost little Mars rover on it. It would be a giant 5 foot pizza. And it would have pizza crust like a normal pizza and a ton of sauce and a ton of cheese and then it would have all these piles of different ingredients, like all the pepperoni in one spot and all the extra cheese in another spot and all the (oh my god this is the longest answer, I might cut this down for us)...

JED: This guy REALLY knows his pizza.

[STING]

**[DOLLAR SCHOLAR TRUMPETS]**

JED: Ah yes, when you hear that music, you know...it’s time for the Dollar Scholar of the Week!

BRIDGET: That’s when we talk to a kid who’s made big strides in their own understanding and use of money.

JED: This time, we’re doing something a little different...instead of ONE Dollar Scholar, we’ve got two! Asher is 10, and Evie is 8...they are brother and sister. They have very different styles when it comes to how they think about money...and today, they’re going to give some advice...to each other.

JED: Which one of you is the money SPENDER?

[INCUE: Me, Evie.

OUTCUE: Thank you BYE.]

JED: That was Asher and Evie, siblings, having a calm conversation about money, even though, that can be kinda hard.

BRIDGET: If you want to nominate yourself or someone you know...send us a message at our website, marketplace dot org slash million.

**[OUTGOING DOLLAR SCHOLAR TRUMPETS]**

**[JED’S CLOSING THOUGHTS]**

JED: Ok, now’s the time each episode where I share a big thought for the day. And we really need some Italian music, since it’s pizza day.

(MUS. SOMETHING ITALIAN SOUNDING)

JED: But I’m hungry, and the pizza’s finally here! So I’m just gonna grab a slice.

JED (muffled): Mmm hmm, hmm hmm hmm hmm hmmm…

BRIDGET: Jed, don’t talk with your mouth full! No one can understand you! And stop eating all the pizza!!!

[GULP SFX]

JED: Basically, there’s a reason behind every price you pay for pretty much anything. Businesses thought a lot about what that price should be. But you! You get the final word on whether that price is right. Because you choose whether or not you’ll pay it. Now, I’m gonna see if I can fit TWO PIECES in my mouth.

<THEME>

BRIDGET: This has been Million Bazillion -- where we help dollars make more sense…

JED: Our next episode is going to be all about how to take your brain back from advertisers! You are NOT gonna want to miss it.

BRIDGET: If you have something you want to know about money, send us your questions at Marketplace dot org slash million. While you’re there, click on the page for this episode..we’ve got a cool tip sheet there...with more of what we talked about in this episode PLUS… a really cool comic strip.

JED: Special thanks to Ann Kim pizza chef and owner of Pizzeria Lola, Hello Pizza, and Young Joni in the Minneapolis area..to Tiffaney Morse of Rumiano Cheese... And to Marielle Segerra, Marketplace reporter...who really does love pizza!

BRIDGET: We also had help from Jeff Peters, Jack Stewart, and Charlton Thorp.

JED: Million Bazillion is brought to you by Marketplace in collaboration with Brains On! And American Public Media. Ben Tolliday, is our sound designer, and he composed some additional music for this episode. A special thank you to Savannah Jo Lack, for lending us her musical talents. Million Bazillion’s theme music was composed by Wonderly. Bridget Bodnar is our co-host and senior producer. Sanden Totten is our Editor. Tony Wagner is our digital producer. Erica Phillips writes our tip sheets. Sitara Nieves is the Executive Director of On Demand. I’m your host, Jed Kim.

BRIDGET: And special thanks to the people who provided the startup funding to make this show possible in the first place.The Ranzetta Family Charitable Fund and Next Gen Personal Finance, supporting Marketplace’s work to make younger audiences smarter about the economy.

JED: See you next time.