Research Question

Street Dog, Inc., a publicly-traded company, operates hot dog carts on the streets of major cities. Street Dog is considering an incentive plan to increase the hot dog sales of its street vendors. The plan will give customers a free hot dog if they buy five street hot dogs at regular prices. Customers will be issued a card that is punched each time a hot dog is purchased. After five punches, the card may be used to receive a free hot dog. Justin Case, the company's CFO, is not sure whether to characterize the cost of the incentive plan as a reduction of revenue or as an increase in cost of sales.