

Individual Project 1: Macroeconomics

Trey Waldrop

Colorado Technical University

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Supply and Demand of the Coffee Industry

With production on the rise and prices decreasing, the demand for coffee should be on the rise right? Well, not exactly. The demand for coffee itself is on the rise but coffee drinks served at places like Starbucks have actually seen a decrease in the last few years. How is this possible? Everyone knows that Starbucks is one of Americas favorite coffee shops, however with the steep price of coffee products from places like Starbucks, the average coffee drinker has decided it's better to make their coffee at home. Foreseeing this trend Starbucks began producing "do it yourself" prepackaged coffee for their customers. With this product now available they ensured that the decrease in demand in there coffee shops would not come with a huge hit to their profit.

The over production of coffee in the last decade has caused a decrease in the price. With the price dropping the caffeine lovers began going back to their long time friend, coffee. Loyal coffee drinkers will always remain but most people will switch to another caffeinated beverage when the price becomes more than they are willing to pay. Lucky for them he recent surplus has caused the industry to drop their prices, bringing it back into the consumers price range.

Before the great recession in 2008 more people preferred their gourmet coffee from places like Starbucks where they could just pay and get a coffee without having to make it themselves. With average income higher than it had been in years everyone was flocking to their local Starbucks. Americans just couldn't get enough of their triple mochacinnos. When the

average income began to drop again in 2008, so did the demand from the gourmet lovers. People just couldn't afford to spend 6 to 15 dollars on their favorite coffee drinks. Starbucks is working hard to adjust their prices to accommodate the average American, but with the economy still recovering, it may be a while before they get their fan base back.

The Development of the Microchip

The solid integrated circuit or "microchip" was introduced on March 24, 1959 at the Institute of Radio Engineers' annual trade show in New York, and the world hasn't been the same since. The microchip is built on a small "wafer" of semiconducting material, usually silicon, by a process known as photolithography. This small piece of equipment changed everything from computers to cars and even parking meters, causing visible effects to world wide macroeconomics. The price of computers plummeted after the introduction of the microchip, from tens of thousands to hundreds of dollars, making it possible for the average American to own their own personal computer. This event changed the entire world. With the average person being able to afford a personal computer by the 1980's, the demand for computers from companies like Microsoft, IBM, and Apple soared. A whole new industry was born by the invention of this tiny device and the world will never be the same again.

The Returning Trend of Polyester Suits

In the mid 1900's polyester suits were fairly popular but the suits made then were uncomfortable and retained heat. However with the advent of microfibers, making the suits more comfortable and offering less heat retention, the popularity of polyester suits has begun to rise again. Polyester, or polyethylene terephthalate, is a fairly inexpensive fabric produced from petroleum. With an increase in the price of oil, the price of polyester has also increased, but not to the point where it is deemed unaffordable by the average American. The rise in popularity of polyester suits is mostly a microeconomic example since it directly affects individual businesses. However it can be viewed as a macroeconomic example since polyester is created using petroleum. The petroleum industry being a world wide market, means that a change in the price of oil will also effect the price of polyester, changing the price of polyester suits.

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