**CASE STUDY**

**Background**

1. Explain the basic concept of supply and demand.
2. Introduce the coffee market, highlighting that it’s a commodity affected by factors like climate, consumer preferences, and international trade.
3. Mention that coffee is grown in specific regions (like Brazil, Colombia, and Vietnam) and that the supply and demand of coffee can fluctuate based on various conditions.

**Scenario**

**Scenario A: Climate Conditions** – Due to a drought in Brazil, the largest coffee-producing country, coffee bean production decreases.

* **Prompt**: How would a decrease in supply affect the price of coffee? How would this impact coffee demand?

**Scenario B: Rising Popularity of Coffee** – A new health study reveals coffee has significant health benefits, increasing its popularity worldwide.

* **Prompt**: How does an increase in demand impact the coffee market? What happens to the price and quantity supplied?

**Scenario C: Alternative Beverages** – A new alternative beverage, tea-based energy drinks, becomes trendy and popular among younger consumers.

* **Prompt**: How would the increase in demand for alternative beverages affect the coffee market? What changes might we see in coffee demand

**Group Discussion**

Each group presents:

* The expected shift in the supply or demand
* The predicted impact on equilibrium price and quantity.
* Their rationale for these predictions based on supply and demand principles.

**Class Discussion**

1. Discuss which factors (supply-side or demand-side) have the most significant impact on coffee prices and consumer behavior.
2. Explore potential real-world responses to these changes, such as companies adjusting prices or expanding into alternative markets.