

Supply and demand

[Literature](#), [Russian Literature](#)



Supply and Demand Factors that would affect supply The fast food industry has grown quite competitive in the past one decade. Many firms storm the industry every year and, therefore, the level of competition has continued to raise. There are many factors that may change the consumers demand for the Tropical Smoothie Café fast food products. Some of these factors include the availability of substitutes, change of the consumer's level of disposable income and quality.

The availability of substitutes in the markets would result in reduced demand for the product (Hirschey, 2009). The presence of many fast food companies in the market offers the customer a wide variety to choose from. An increase of firms offering the same product lowers demand since the customers can meet their needs by choosing from various companies. However, a decrease in the number of enterprises providing substitute products would result in an increase in demand.

The quality of the product is another significant factor that can cause a change in the demand for the Tropical Smoothie Café products. An increase in quality would increase demand, and a decline in quality would lead to a decrease in demand (Arnold, 2008). Essentially, customers will always go for quality products. In this regard, the firm must enhance quality production to promote demand.

Factors that would affect supply

Some of the factors that would affect change in supply include the price of inputs and the level of production technology used (Abdul, 2002). An increase in the cost of inputs results in the decline of supply. Essentially, a rise in the cost of inputs means that the firm has to spend more to maintain

the same supply as it was before the price change. In this regard, the firm might not be in a position to meet the addition cost and, therefore, end up ordering for less supplies. On the contrary, a decrease in the price of inputs leads to increased supplies.

The level of production technology also affects the change in supply. Use of an advanced and efficient technology would lead to increased supply (Boyes & Melvin, 2014). . Apparently, efficient technology speeds up the production process, and this increases the total output. On the other hand, the use of outdated and inefficient technology results in reduced supply. Essentially, defective technology is likely to cause delays in productions. The delays in productions lead to reduced output and, therefore, reduced supply.

Change in quantity demand

The quantity demanded can be changed by manipulating the price of the product. For instance, all other factors held constant, a decline in price leads to an increase in the quantity demanded and the vice versa. In essence, with reduced price, the consumer can afford more products than when the price was high. In this regard, the customers demand high quantities since they can afford to pay for them.

Kind of demand.

The product has an inelastic demand. The price of fast food products has very little influence on demand. The fast food consumers are less sensitive to the price of the product since their major concern is the satisfaction they get from the product. Therefore, it can be concluded that a change in price of the fast products results in less than proportionate change in demand.

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