

Free case study on analyzing news article in microeconomics terms

[Economics](#), [Microeconomics](#)



The FIFA World Cup is an international football tournament that takes place after every four years. This event will take place this year (2014) in Brazil. The FIFA World cup is world`s most famous sporting event. The event gets popularity due to broadcast by various television stations. Millions of people travel from their country to the host country to participate in the event. It is expected that the event would boost the economy of Brazil. This paper tries to examine the effects of the World Cup on the Brazilian Hotel businesses. Several businesses will increase their operations and profits. The profits will increase the revenue the government gets and the economic growth will prevail. The microeconomic factors affected would include the demand and supply of individual consumer and producer respectively. The Demand in the tourism industries will increase. The hotel and resort operations will increase due to the increased demand in the market.

The increased in demand in the industry causes an increase in the supply of the services and products offered. The law of demand and supply best explains this concept. The law of demand and supply involves a series of events. The fluctuations of the demand and supply in the market occur due to occurrences that alter the economy. Changes in price led to change in the market equilibrium. The market equilibrium determined by the intersection of the supply and demand curve of the hotel businesses.

The high number of tourists in Brazil causes shortages in hotel facilities. A shortage occurs because of increased demand of accommodation and other services. A shortage occurs because of increased demand, supply remaining constant. Currently the hotels operating in Brazil are fully booked. The demand for the accommodation and bed and breakfast still increase day by

day as the event approaches.

In order to maintain the equilibrium level the demand of the accommodation service shift to the right from D1 to D2. The prices of products and services have increased from P1 to P2. The result is increase in quantity from Q1 to Q2. The above explanation justifies the law of demand and supply. Currently the price of the hotel accommodation in Brazil has gone up five times with others over inflated. The law of supply can best explain this. When the demand of services increases, the prices tend to increase (Esper).

The increased congestion in the hotel industries discourages the many meetings that take place in hotels. Due to the shortages in accommodation, most of the events that take place in the hotels and requires accommodations will be discouraged. Most of the hotels` inventory is fully booked in Brazil inflated. The inflation has come in because of high prices and supernormal profit realization.

The rate of tourist in Brazil will go up by 79% in the year 2014. Tourism is one of the important sectors in the economy of Brazil. In the past tourism has contributed greatly to the revenues collected. In macroeconomic perspective, the tourism sector has boosted the economic growth. In the year 2014, the economic growth rate increase will be higher with more employment opportunity creation.

More fans turn up expectations is higher in the year 2014 than in the past years. The hotels have diversified their operations to satisfy the customers` needs more. The technology modifications in the hotel rooms are important. The modifications are important is satisfying customers` needs.

Consideration of factors that influence demand is important. Price of

commodities does not affect the demand in this case.. In this case, the demand for hotel is high and prices have gone up five times more. The customers are still paying higher prices regardless of the costs.

The income of most of the fans attending the World Cup is high. The class of the fans involves upper class that comprises the rich. Money is not a problem to them. They spend most on luxurious commodities. They take expensive vacations that need a lot of money. Brazil hotel industries` income increase enables the industries to grow by creating more awareness to the public. Taste and preferences are a factor that affects demand. In this, case the taste in the market is similar to every fan. The fans wants are similar and the provider can make provision more easily. The event of the World Cup has greatly contributed to the demand in the market. This event is seasonal and unpredictable. When the event is over the demand goes down definitely. The increased performance might remain on top due to the increase in popularity of the businesses.

Conclusion

In conclusion, the World Cup event greatly contributes to both macroeconomic variables and the macroeconomic variables in Brazil. The Tourism sector, including the hotels growth rate will certainly be high. The demand of accommodation increases, causing increases in the prices. The high prices will increase revenues and the income. This case study helps in determining how demand interacts with prices and supply.

Citations

Esper, Terry L., Et al. " Demand and supply integration: a conceptual framework of value creation through knowledge management." Journal of the Academy of Marketing Science 38. 1 (2010): 5-18. Retrieved From <
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