Dollars Shape Shelves

Trace how buyer and seller choices guide a product market.

12.E2b “The choices of buyers and sellers in the marketplace determine supply and demand, market prices, allocation of scarce resources, and the goods and services that are produced. In a perfect world...”

NAME ______________________ DATE ____________

1 READ AND MARK

Read it twice

YOUR JOB Underline buyer choices. Circle seller responses. Number the price and availability changes.

Coffee Beans at the Market

1 In this fictional market, shoppers develop a stronger preference for locally roasted coffee. At the original $14 price, more are willing and able to buy it than before: demand has increased. Bags sell out before noon on three Saturdays, while competing brands remain on shelves. These observations support the demand explanation given here, though sellouts alone could also reflect a supply disruption. Purchases communicate preferences backed by ability to pay; unmet wants without purchasing power may be less visible to sellers.

2 The roaster assigns more employee hours, orders additional green beans, and rents extra packaging-machine time. It reduces a less popular flavored blend to free resources. This allocation has opportunity costs because the same labor and equipment cannot make both products at once. Initially, producing more at a higher price can be a response along an existing supply curve. Later, added capacity can expand what the firm can supply at a given price. A grocery begins carrying the beans regularly.

3 In the example, demand first outpaces available bags, and price rises from $14 to $16. Some shoppers buy less at the higher price: quantity demanded falls along the demand curve, which differs from a change in preferences shifting demand. Higher potential returns encourage expansion. After capacity increases, shortages ease and price settles at $15. These numbers illustrate one possible adjustment, not a universal prediction. Prices and availability depend on buyer demand and seller supply, including costs, capacity, competition, and other conditions.

2 ANSWER WITH EVIDENCE

Use the passage

1. What two observations showed sellers that demand for locally roasted beans had increased?

2. Which scarce resources did the roaster shift toward local beans, and what product did the business reduce?

3. How did the initial $16 price affect both shoppers and the roaster?

4. Why did the price settle at $15 after several weeks? Use supply and demand in your answer.

3 YOUR TURN

Your own words

In four sentences, describe a fictional market other than coffee: a preference-driven demand increase, a seller's resource reallocation, an initial price or availability effect, and a possible later response as capacity expands.

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PART 1 · READ AND MARK

Underline buyer choices. Circle seller responses. Number the price and availability changes. Accept any marking that follows this job and points at the right text.

PART 2 · ANSWERS

#	QUESTION	ANSWER
1	What two observations showed sellers that demand for locally roasted beans had increased?	**The original-price sellouts and unsold competing brands support the stated preference shift. Sellouts alone would not prove a demand increase.**
2	Which scarce resources did the roaster shift toward local beans, and what product did the business reduce?	**The roaster shifted employee hours, green beans, and packaging-machine time toward local beans. It reduced production of a less popular flavored blend.**
3	How did the initial $16 price affect both shoppers and the roaster?	**Some shoppers buy less or switch brands. Higher potential returns encourage the roaster to expand production.**
4	Why did the price settle at $15 after several weeks? Use supply and demand in your answer.	**In this example, demand initially strains available supply. Added capacity later expands supply, easing shortages and lowering price from $16 to $15.**

PART 3 · YOUR TURN (SAMPLE ANSWER)

Before a club fair, more students want same-day posters at the original price. A print shop assigns a worker and paper to posters instead of standard copies. Limited initial capacity could raise prices and leave some orders unfilled. Adding evening production could expand supply and ease shortages, although the final price depends on other conditions.

Accept equivalent evidence-based explanations of the market sequence in the passage. For the open response, accept varied products or services if the response accurately connects increased purchases, resource allocation, and a change in price or availability.