

Microeconomic Analysis: Supply and Demand

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Introduction

Economics is an ever-changing and constant evolvement in business. Market information constantly changes to affect demand and supply, whether phones, clothes, leisure activities, healthcare, financial investments, or other goods and services. The data provided gives valuable information to business managers to project, forecast, and make decisions based on current trends and significant events. Companies and organizations respond using their knowledge, experience, and skills to impact the economy and make profits based on economic changes in their respective markets. The following is a comparative evaluation of how COVID-19 (COVID19) affected our nation's food stability and how the market and economy responded to this complex economic problem.

COVID19 Social Lockdown & Distancing

The impact of COVID19 took the world by surprise. In late 2019 and 2020, the U.S. economy suffered significant human loss and still to this day continues to recover from the initial outbreak that changed the United States permanently. The way we handle disease is different now. The effect this has had on the economy has caused inflationary costs to global commerce and international levels. One of its main concerns was public exposure in fast food restaurants, the sit-down dining experience, and grocery-chain food markets in the U.S., as the CDC advised a locked down of public gatherings and work-from-home opportunities. COVID19 changed this landscape forever. The population has learned new skills to navigate healthy food choices and where they can be best resourced because of COVID19. Gone are the days when supply and demand impact the supply of goods and services because of the instantaneous need to "lock down" during the pandemic. The dramatic change in response to the pandemic has placed ready-to-eat meals on the market as a solid staple of the goods and services industries. Companies have seen a substantial rise in their ability to supply the demanding consumer for ready-to-eat meals quickly.

Supply & Demand Market Response

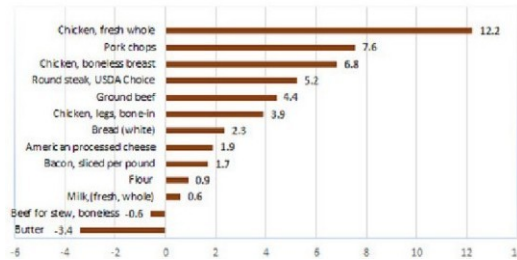
The U.S. population changed their response to food with the perception: "the advent of appealing, user-friendly apps and tech-enabled driver networks, coupled with changing consumer expectations, has unlocked ready-to-eat food delivery as a major category." (U.S. Bureau of Labor, 2020). Many companies such as HelloFresh, Fresh n' Lean, Farmer's Fridge Box, Home Chef, and many others have entered the market to answer the supply and demand for foods that are healthy and ready to eat. This is because the "handling of foods" from the shelf approach in supermarkets isn't appealing any longer to the consumer. During COVID19, consumers were skittish about touching fresh produce and meats. The "less handled" method appealed to consumers. It was an achievement for these newer companies to market their products at an affordable, reasonable cost to the consumer.

Change in Demand Analysis

The meat industry changed significantly. These markets re-directed their focus on how their meats were processed and packaged. This increased costs and affected the supply because it took longer to transport due to the short supply of delivery logistics, which was also affected by the pandemic. Farm hands were also in short supply. This had a direct effect on food freshness. What was delivered was immediately exhausted from the shelves at the grocery market. This deficiency caused the consumer to look to other resources, the ready-to-eat market because they were also on remote work status.

Figure 1 FY2020

Percentage Change in Prices of Food Items March-April 2020



USDA-U.S. Department of Agriculture

The decrease in the labor force and restrictions on moving produce across the country caused prices to inflate. (USDA). The cost of meat increased, so the demand for meat decreased. Consumers who could not afford the higher prices turned to affordable alternatives.

Figure 2 FY2022

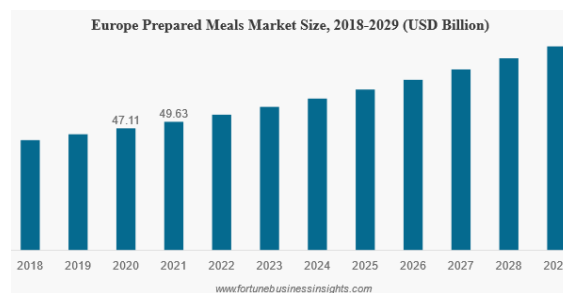
Retail prices for beef, pork, and poultry cuts	Last update													Next update				
	September 13, 2023						October 12, 2023											
	BLS	BLS	BLS	BLS	BLS	BLS	BLS	BLS	BLS	BLS	BLS	BLS	BLS	BLS	BLS	BLS	BLS	BLS
cut	Ground chuck	Ground beef	Lean and extra lean ground beef	Round steak, USDA Choice	Round steak, USDA Choice	Round steak, USDA Choice	Stew steak, boneless	Beef for stew, boneless	All uncoked beef steaks	All uncoked other beef not veal	Bacon, sliced per pound	All pork chops	Ham, boneless not canned	Chicken, fresh whole	Chicken, legs, bone-in	Chicken, boneless breast		
Units	dollar/pound	dollar/pound	dollar/pound	dollar/pound	dollar/pound	dollar/pound	dollar/pound	dollar/pound	dollar/pound	dollar/pound	dollar/pound	dollar/pound	dollar/pound	dollar/pound	dollar/pound	dollar/pound		
Aug-21	4.636	4.468	6.179	6.004	7.112	10.599	6.666	6.652	6.380	7.096	4.057	4.683	1.472	1.706	3.536			
Sep-21	4.786	4.504	6.146	6.276	7.282	11.010	6.874	6.912	6.640	7.220	4.051	4.847	1.504	1.723	3.617			
Oct-21	4.869	4.719	6.371	6.330	7.304	11.654	6.920	10.209	6.151	7.317	4.147	4.964	1.523	1.709	3.589			
Nov-21	4.810	4.716	6.270	6.426	7.404	11.508	7.159	10.228	7.011	7.265	4.072	4.937	1.583	1.733	3.618			
Dec-21	4.792	4.604	6.315	6.234	7.342	11.655	7.363	9.933	7.011	7.211	4.023	4.927	1.686	1.729	3.725			
Jan-22	4.765	4.654	6.519	6.158	7.378	10.806	6.806	9.855	6.771	7.222	4.019	4.998	1.922	1.731	3.726			
Feb-22	4.627	4.630	6.465	6.318	7.489	10.684	6.977	9.763	6.949	7.097	4.031	5.119	1.832	1.797	3.815			
Mar-22	4.870	4.757	6.476	6.295	7.324	10.658	7.160	9.786	6.987	7.203	4.136	5.151	1.724	1.834	3.870			
Apr-22	4.945	4.916	6.479	6.249	7.296	10.656	7.130	9.701	6.876	7.422	4.178	4.985	1.794	1.886	4.096			
May-22	4.894	4.794	6.546	6.305	7.438	10.447	7.023	9.890	6.695	7.364	4.130	5.172	1.824	1.881	4.310			
Jun-22	4.997	4.889	6.462	6.270	7.318	10.721	6.900	9.830	6.658	7.403	4.068	5.391	1.926	1.892	4.568			
Jul-22	5.075	4.893	6.580	6.121	7.131	10.570	7.015	9.709	6.805	7.415	4.174	5.285	1.880	1.835	4.608			
Aug-22	5.120	4.937	6.512	6.162	7.201	10.312	7.080	9.535	6.191	7.372	4.248	5.345	1.879	1.993	4.765			
Sep-22	4.890	4.862	6.624	6.249	7.184	10.543	6.982	9.592	6.773	7.383	4.187	5.504	1.891	1.975	4.746			
Oct-22	4.789	4.836	6.680	6.084	7.173	10.498	6.867	9.712	6.609	7.608	4.273	5.650	1.863	2.012	4.670			
Nov-22	4.728	4.853	6.227	6.949	7.159	10.268	6.980	9.541	6.595	7.643	4.163	5.521	1.943	2.024	4.420			
Dec-22	4.758	4.800	6.386	6.217	7.061	10.169	6.873	9.460	6.587	6.956	4.314	5.388	1.830	1.945	4.348			
Jan-23	4.644	4.791	6.303	6.222	7.272	10.313	6.713	9.582	6.596	6.808	4.140	5.484	1.855	1.869	4.315			
Feb-23	4.777	4.778	6.427	6.237	7.218	10.286	6.785	9.680	6.519	6.595	4.256	5.668	1.894	1.843	4.365			
Mar-23	4.753	4.813	6.354	6.221	7.179	10.284	6.762	9.810	6.477	6.613	4.165	5.679	1.988	1.868	4.324			
Apr-23	4.747	4.790	6.679	6.164	7.345	10.607	6.939	9.857	6.564	6.648	4.099	5.564	1.873	1.935	4.405			
May-23	4.953	4.960	6.697	6.393	7.511	10.753	6.756	10.223	6.473	6.339	4.189	5.813	1.920	1.919	4.236			
Jun-23	5.106	5.028	6.681	6.367	7.430	11.164	6.914	10.359	6.607	6.224	4.241	5.998	1.953	1.998	4.193			
Jul-23	5.253	5.102	6.851	6.625	7.664	11.507	7.210	10.633	6.769	6.236	4.238	5.889	1.891	2.025	4.141			
Aug-23	5.259	5.076	6.947	6.656	7.646	11.432	7.157	10.750	6.818	6.502	4.359	5.895	1.958	2.031	4.179			

"BLS" are average prices reported by the U.S. Department of Labor, Bureau of Labor Statistics (BLS)—Economic Research Service calculations based on BLS and USDA, Agricultural Marketing Service data.

Ready-to-Eat Meals Analysis

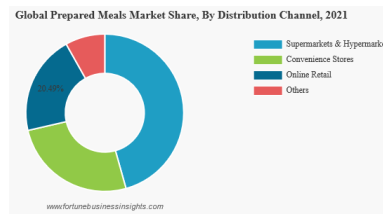
Consumers were feeling the financial effects of the rising cost of food. Consumers had to reinvent their social and work lives with the change in foot traffic, commuting to work, after school events, entertainment, travel, shopping, and other activities being strongly discouraged during the pandemic. Companies would let their workforce work from home to avoid COVID19 infection. Schools allowed students to learn from home due to a labor shortage and infection avoidance campaigns. All consumers needed to resolve how they would eat and eat healthy foods to avoid infection. There were already markets for fresh and healthy foods serving a small but growing consumer presence. With the pandemic, this market niche grew exponentially. Consumers have turned to online grocery shopping and ordering prepared foods.

Figure 3 FY 2021-2022



Consumers wanted organic packaged and processed foods based on the pandemic scare and the fact that organic and natural foods are free of chemicals, artificial flavors, and coloring. Thus, the increase in demand for ready-to-eat meals rewarded consumers with convenience and healthy choices, plus the differentiation of frozen or ready-made and delivered foods. This rapid increase in demand satisfied two sectors of consumers: the workforce and students at home. The rise in demand was quickly answered by retailers' old and new supplying foods and the online experience at an affordable cost. "Retailers are developing varieties of frozen & chilled ready meals and snacks that demand heating without any additional preparation before consumption." (Fortune Business). Supermarkets offer consumers service where they can drive up, and a staff person places the meal and other groceries in their vehicle while they wait. Below is a Distribution Market Share Chart:

Figure 4 Distribution FY2021



COVID caused distribution methods to change drastically to keep supermarkets and other food service industries from collapsing.

Conclusion

The COVID19 pandemic brought many changes, including how the food and services market responded to consumer demand. Easy-to-prepare meals penetrated the market and have continued to grow. The global prepared meals market is projected to grow, as well as the U.S. market. We have changed our demand and supply for healthy foods. The market responded using precise decision-making skills that fed the consumer alternatives to inflated costs during the pandemic when many labor shortages and delivery logistics had failed to food availability.

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