NO PREP

Supply and Demand of Candy

Includes: Student reading, case study, differentiated questions, teacher key

Name: Period: Date:

Supply and Demand of Candy

The Seasonal Market for Sweets

Candy is available year-round, but Halloween transforms it into a seasonal product with unique patterns of supply and demand. As October approaches, demand for candy skyrockets. Families preparing for trick-or-treaters, schools hosting events, and individuals planning parties all purchase large quantities. This sudden spike means candy companies must anticipate demand months in advance, producing and distributing enough to avoid shortages. The law of demand states that as the price of a good rises, the quantity demanded usually falls. However, Halloween candy behaves differently. Because it is tied to a seasonal tradition, people are willing to buy regardless of price increases. This makes the demand for Halloween candy inelastic—a

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Price Fluctuations and Shortages

Candy prices vary depending on the season. In the months leading up to Halloween, retailers often offer discounts to encourage early shopping, but as the holiday nears, prices can rise. Occasionally, shortages occur when supply does not keep pace with high demand. This has been especially true in years when sugar or cocoa prices increase, affecting the cost of production. Global supply chains also play a role. Cocoa primarily comes from West Africa, and any disruption, such as poor harvests, political instability, or shipping delays, can reduce the supply of chocolate, driving prices up. The candy market demonstrates how even a local holiday tradition is influenced by international economics.

Economics Lessons from Candy

Studying the candy market at Halloween shows how basic economic principles apply to real life. Supply and demand, elasticity, and global trade all influence what consumers see on store shelves. While most people view candy as a fun holiday treat, it is also a product shaped by international economics, agricultural conditions, and consumer behavior. By recognizing these forces, students can better understand how everyday purchases reflect larger economic systems.

Key Information: Table: Candy Market Dynamics

Factor	Impact on Candy
Rising sugar/cocoa costs	Higher retail prices
Seasonal demand spike	Increased production and stocking
Early discounts	Encourage advance purchases
Shortages	Shelves empty before Halloween
Global supply chains	Affect availability of chocolate

Case Study: The Chocolate Supply Chain

Chocolate is one of the most popular Halloween candies, but its production depends on a global supply chain. Cocoa beans are grown primarily in Côte d'Ivoire and Ghana, which together produce over 60% of the world's supply. Farmers harvest and ferment the beans before selling them to exporters, who ship them to processing plants. There, the beans are roasted and ground into cocoa butter and cocoa powder, which candy companies use to make chocolate bars and sweets. This supply chain is vulnerable to challenges. Droughts, plant diseases, or political conflicts in West Africa can reduce cocoa harvests, creating shortages. Additionally, global shipping disruptions—such as those caused by the COVID-19 pandemic—can delay the arrival of cocoa at processing plants. These disruptions raise costs, which are passed on to consumers in the form of higher candy prices. For Halloween, when chocolate demand is especially high, these global factors become even more visible. If cocoa prices rise significantly, consumers may notice more expensive chocolate bars or smaller package sizes. The chocolate supply chain shows how a treat as simple as a candy bar connects trick-or-treaters in the U.S. to farmers on the other side of the world.

1. Why is the chocolate supply chain especially vulnerable to disruptions?

2. How do global events in West Africa affect the price of candy in U.S. stores?

Multiple Choice

1. Why is Halloween candy demand considered inelastic?

    a) People stop buying it when prices rise too high

    b) Stores limit how much can be purchased

    c) People buy the same amount even if prices rise

    d) Candy supply always decreases

2. Which countries produce over 60% of the world's cocoa?

    a) Côte d'Ivoire and Ghana

    b) United States and Canada

    c) China and India

    d) Brazil and Peru

3. What is one reason candy prices may rise before Halloween?

    a) Lower global shipping costs

    b) Shortages in sugar or cocoa supply

    c) Increased rainfall in the U.S. affects growth

    d) Surplus candy left unsold

Matching

Write the letter of the correct definition on the line next to each term.

Term	Definition
1. ___ Seasonal demand spike	A) Encourage shoppers to buy early
2. ___ Shortages	B) Prices rise for chocolate products
3. ___ Rising cocoa costs	C) Increased production earlier in the year
4. ___ Global shipping delays	D) Shelves empty before the holiday
5. ___ Early discounts	E) Packages arrive late to retailers

Fill-in-the-Blank

1. The law of _____ explains how price changes affect demand.

2. Cocoa beans are grown and harvested primarily in _____.

3. Halloween candy purchases demonstrate the concept of price _____.

Short Answer

Answer each question in 2-4 complete sentences.

1. Why might candy companies store candy months before Halloween?

_____

_____

_____

2. How do consumer habits during October show the relationship between tradition and economics?

_____

_____

_____

3. Do you think rising prices would ever reduce Halloween candy sales significantly? Why or why not?

_____

_____

_____