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Monday Morning Economist

MONDAY MORNING ECONOMIST STUDENT HANDOUT

Taking A Bite Out of the Competition

Part One. Multiple Choice Questions (15 minutes)

This article explores how a lawsuit between Smucker's and Trader Joe's over look-alike crustless PB&J sandwiches reveals the economics of competition, product differentiation, and market power. Examine how firms in monopolistic competition use branding, packaging, and innovation to stand out and maintain profits in markets that might otherwise resemble perfect competition. Through this case, you'll see how businesses compete not just on price, but on perception.

Instructions: Read "Taking A Bite Out of the Competition" from *Monday Morning Economist* and then answer the following multiple choice questions.

MONDAY MORNING ECONOMIST Weekly Article

1. Why did Smucker's file a lawsuit against Trader Joe's?
   A. For stealing the peanut butter and jelly recipe
   B. For selling frozen food without permission
   C. For copying the shape, design, and packaging of Uncrustables
   D. For using cheaper ingredients than Smucker's

2. How does Trader Joe's often compete with other brands?
   A. By importing foreign goods
   B. By charging higher prices for quality
   C. By selling completely new inventions
   D. By creating store-brand products that resemble popular brand products

3. In an oligopolistic market—where a few large firms dominate—companies can maintain higher profits than in perfectly competitive markets, where prices are driven down to costs. Why might a product owner (like Smuckers) want to differentiate their product in this kind of environment?
   A. To eliminate all competition through regulation
   B. To make their product a perfect substitute for others
   C. To prevent consumers from comparing prices at all
   D. To gain pricing power and build brand loyalty that protects profits

4. Why does Smucker's want to avoid perfect competition?
   A. It causes prices to rise too high
   B. It leads to government regulation
   C. It results in zero economic profit over time
   D. It limits how many products a company can sell

5. Why do companies like Smucker's continue to advertise and innovate even after becoming successful?
   A. To maintain product differentiation and keep profits from disappearing
   B. To become a government-protected monopoly
   C. To reduce their production costs
   D. To avoid lawsuits

What do you think? If two products look and taste almost the same, what makes you choose one brand over another, price, packaging, reputation, or something else?

Part Two. Market Makeover Challenge

Scenario: You've just been hired as a marketing team for a company that sells a product everyone already knows and buys. **Your challenge:** make this product different, without changing what's inside the box.

👉 **Step 1: Choose Your Product-** Working in groups of 3-4 students, **select one** everyday item from any of the categories listed below. (Selecting the same product as another group is ideal in this activity).

Category	Product Ideas
Snacks & Drinks	Bottled water, energy drink, granola bar, or chips
Tech & Accessories	Phone case, earbuds, or portable charger
Apparel	Hoodie, socks, or backpack

◎ **Step 2: Define Your Target Market**

Who are you trying to reach? Who is a potential target customer?

Choose or create one:

- Busy high school students
- Athletes or gym-goers
- Eco-conscious consumers
- Parents on the go
- Single parents
- College students on a budget
- Social media trendsetters
- Non-conformists
- Teen Boys/Girls

✨**Step 3: Reimagine Your Brand**

Work with your team to target your product for your chosen market. Complete the brand build by filling out the information below:

A. **A New Brand Name –** something catchy, original, and audience-appropriate.

B. **A Slogan** – one line that communicates your product's unique value.

C. **A Visual Concept –** sketch or describe your packaging and color scheme.

D. **A Short Pitch (30 seconds) –** explain why your version stands out in a crowded market. Draft your script below.

🎁 **Step 4: Present Your Product**

Each team will give a 30-second pitch to the class.

Be ready to answer the following questions about your selected product:

- What makes your product unique?
- How did you use design, emotion, or story to differentiate it?
- Why might consumers choose your version over a cheaper copy?

🧭 Market Makeover Self-Assessment: How Original Was Our Idea?

Instructions: After all groups have presented, complete this checklist together as a team. Check each box that applies to your product pitch. Be honest! This is about understanding how differentiation works in real markets!

Category	**Reflection Question**	✅ **Check if True**
1. Product Design & Concept	Our version of the product looked or felt clearly different from another group's version (packaging, name, or features).	☐
2. Target Audience	We chose a target market (audience) that no other group selected.	☐
3. Brand Story or Message	Our slogan or pitch communicated a unique story, emotion, or value that set us apart.	☐
4. Innovation & Creativity	We added a creative twist or feature (realistic or imaginative) that made our idea stand out in a crowded market.	☐
5. Economic Realism	Our idea would realistically attract consumers while still being profitable in a competitive market.	☐

💡 Part Three. Circular Reflection: Innovation and Imitation

You've seen how creativity and branding can make ordinary products unique. Now, step back and consider how freedom, competition, and innovation shape both markets and your own opportunities.

⭕ **Step 1: Gather in a Circle-** Sit with your classmates and bring your notes from the Market Makeover Challenge. Each student will share brief thoughts during the conversation. Be respectful, listen actively, and build on one another's ideas.

💬 **Step 2: Reflect and Discuss-**
Instructions- **Choose one student to facilitate the circle**: keep time, invite every voice, and use the questions below to guide the discussion. Aim for everyone to speak once before anyone speaks twice. Push for "why/how" follow-ups, and connect answers to the Smucker's vs. Trader Joe's case, your team's pitch, and your own experiences.

1) How does economic freedom, the ability to design, market, and compete, encourage creativity?

2) How do entrepreneurs balance competing fairly while still trying to win customers' attention?

3) Smucker's wants to protect its design; Trader Joe's wants to offer consumers a cheaper option. How should we decide where freedom to imitate ends and protection of creativity begins?

✍️ **Step 3: Conclude and Connect**
In one or two sentences, summarize your biggest takeaway from today's discussion:

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TEACHER GUIDE

Teachers may choose to use all or part of this lesson. Each part is meant to exist on its own. The approximate time to complete each section is provided and will vary.

KEY CONCEPTS: Competition, Market structures, Product differentiation, Property rights

NEW SLIDES RESOURCE! Click HERE to access the lesson slides

Related FEE.Org Commentary: The Tricky Business of Branding & **Be sure to check out the Learning Center's Economic Marvels lesson on Trader Joe's**

National Voluntary Content Standards in Economics & Benchmarks.
Standard 2: Decision-Making- People respond predictably to incentives and make choices by comparing marginal costs and benefits. The article addresses this by showing how firms like Smucker's and Trader Joe's make strategic decisions to balance costs, brand value, and market share in competitive environments.
Standard 4: Markets Market prices and outcomes are determined by interactions of supply and demand, and by changes in consumer preferences. The story illustrates how competition in grocery markets pushes prices toward equilibrium and how differentiation allows firms to influence consumer behavior without changing the product itself.
Standard 5: Business Decisions and Market Structure Businesses seek to maximize profit, and the level of competition in an industry affects prices and innovation. Students explore monopolistic competition, product differentiation, and non-price competition as key factors that allow brands like Smucker's to maintain market power.
Standard 7: Role of Government Governments define and enforce property rights and may act to preserve competition through antitrust laws. The lawsuit between Smucker's and Trader Joe's highlights how property rights and branding protection encourage creativity while maintaining fair competition within a free-market system.

📖 **Glossary of Key Terms to Know in this Lesson:**
Product Differentiation – The process by which firms make their products appear unique through branding, packaging, quality, or features to attract specific consumers.
Monopolistic Competition – A market structure where many firms sell similar but not identical products, allowing for competition based on non-price factors like style or brand image.
Market Power – The ability of a firm to influence the price of its product rather than simply accepting the market price.
Non-Price Competition – Competing through advertising, design, service, or reputation instead of lowering prices.
Property Rights – Legal protections that allow individuals and firms to own, control, and profit from their creations, inventions, and brands.
Economic Freedom – The right of individuals and businesses to make their own economic choices, including what to produce, how to produce it, and for whom.
Oligopoly – A market dominated by a few large firms that influence prices and market conditions while still competing with one another.

Materials:
- Student Handout

MONDAY MORNING ECONOMIST STUDENT HANDOUT

Taking A Bite Out of the Competition

Part One. Multiple Choice Questions (15 minutes)

This article explores how a lawsuit between Smucker's and Trader Joe's over look-alike crustless PB&J sandwiches reveals the economics of competition, product differentiation, and market power. Examine how firms in monopolistic competition use branding, packaging, and innovation to stand out and maintain profits in markets that might otherwise resemble perfect competition. Through this case, you'll see how businesses compete not just on price, but on perception.

Instructions: Read "[Taking A Bite Out of the Competition]" from *Monday Morning Economist* and then answer the following multiple choice questions.

MONDAY MORNING ECONOMIST Weekly Article

1. Why did Smucker's file a lawsuit against Trader Joe's?
   A. For stealing the peanut butter and jelly recipe
   B. For selling frozen food without permission
   C. For copying the shape, design, and packaging of Uncrustables*
   D. For using cheaper ingredients than Smucker's

2. How does Trader Joe's often compete with other brands?
   A. By importing foreign goods
   B. By charging higher prices for quality
   C. By selling completely new inventions
   D. By creating store-brand products that resemble popular brand products*

3. In an oligopolistic market—where a few large firms dominate—companies can maintain higher profits than in perfectly competitive markets, where prices are driven down to costs. Why might a product owner (like Smuckers) want to differentiate their product in this kind of environment?
   A. To eliminate all competition through regulation
   B. To make their product a perfect substitute for others
   C. To prevent consumers from comparing prices at all
   D. To gain pricing power and build brand loyalty that protects profits*

4. Why does Smucker's want to avoid perfect competition?
   A. It causes prices to rise too high
   B. It leads to government regulation
   C. It results in zero economic profit over time*
   D. It limits how many products a company can sell

5. Why do companies like Smucker's continue to advertise and innovate even after becoming successful?
   A. To maintain product differentiation and keep profits from disappearing*
   B. To become a government-protected monopoly
   C. To reduce their production costs
   D. To avoid lawsuits

What do you think? If two products look and taste almost the same, what makes you choose one brand over another, price, packaging, reputation, or something else?

Suggested Answer: *Consumers often choose based on perceived value, not just price. Factors like packaging, brand reputation, convenience, or emotional connection can create a sense of differentiation even when products are nearly identical. In free markets, this non-price competition encourages firms to innovate and build trust rather than relying solely on lower prices. For example, many shoppers still buy name-brand bottled water or cereal because they associate the brand with quality or reliability, even when store brands are nearly the same.*

Part Two. Market Makeover Challenge

Scenario: This activity immerses students in the concept of product differentiation within monopolistic competition. By rebranding familiar goods, students experience how creativity, target marketing, and storytelling allow firms to compete without changing the actual product. Encourage freedom and experimentation, students should see that differentiation, not regulation, drives innovation and consumer choice.

👉 **Step 1: Choose Your Product-** Step 1: Choose Your Product (5 minutes)

Teacher Actions:

- Divide students into small groups of 3–4.

- Display or project the product list: bottled water, energy drink, granola bar, chips, phone case, earbuds, portable charger, hoodie, socks, backpack.

- Encourage duplicate selections, this sets up meaningful comparisons between similar products.

- Remind students that, just like in the grocery aisle, multiple firms can sell nearly identical goods yet compete through branding and marketing.

Teaching Tip: Ask-"Why might two groups choose bottled water but create very different products?" This primes thinking about non-price competition and perceived value.

◎ Step 2: Define Your Target Market

Teacher Actions:

- Have each group identify one target audience from the provided list or invent their own.
- Encourage variety among groups, some should appeal to parents, others to teens, etc.

Circulate and ask probing questions:

- "How would your product appeal specifically to this audience?"
- "What problem or need are you solving for them?"

Concept Emphasis: Help students connect audience targeting to market segmentation, how freedom in markets allows entrepreneurs to specialize and serve diverse consumer preferences.

✨Step 3: Reimagine Your Brand

Teacher Actions:

- Guide students through creating their:
- Brand name (original and memorable)
- Slogan (clear message of value)
- Visual concept (sketch or describe packaging/colors)
- Short 30-second pitch (why it stands out)

Circulate to encourage creativity and feasibility:

- "Would consumers actually buy this?"
- "How does this design make your product look or feel different?"

Concept Connection:
Reinforce that firms differentiate to gain market power—the ability to charge slightly higher prices because consumers perceive the product as unique.

🎁 Step 4: Present Your Product (10 minutes)

Teacher Actions:

- Have each team deliver their 30-second pitch.

After each pitch, ask the follow-up questions:

- "What makes your product unique?"

- "How did you use design, emotion, or story to differentiate it?"

- "Why might consumers choose your version over a cheaper copy?"

Encourage peer *applause* and brief feedback, students should note patterns in what stood out across pitches.

Wrap-Up Discussion (2–3 minutes):
Highlight that in monopolistically competitive markets, consumers benefit from variety and innovation. Firms that compete through differentiation, not government protection, help drive progress and choice.

Transition to Part Three: Tell students they'll now reflect on what this exercise reveals about freedom, creativity, and competition—and how those same principles apply to their own lives and futures.

🧭 Market Makeover Self-Assessment: How Original Was Our Idea?

After all presentations, have students remain in their teams and hand out the self-assessment checklist. Explain that this reflection helps them recognize the economic logic behind differentiation—the same way firms like Smucker's and Trader Joe's position their products in the marketplace.

Facilitation Steps:

1) Model Reflection (2–3 min): Briefly revisit an example from class (e.g., two teams that rebranded bottled water differently). Emphasize how both could succeed in a free market by appealing to different consumers.

2) Team Discussion (5 min): Instruct groups to go through each category and check the boxes that honestly apply. Encourage short justifications beside each item—why they think their idea fits or doesn't.

3) Compare & Share (5–7 min): Ask each team to share one area where they truly stood out and one area where they blended in. Use this to illustrate that differentiation drives value creation and consumer choice sustains competition.

4) Wrap-Up (2–3 min): Reinforce the takeaway: in a free market, originality and innovation are rewarded not by regulation, but by voluntary exchange—consumers choosing what they value most.

This reflection sets up a smooth transition into Part Three: Innovation Reflection Circle, where students will explore how freedom, creativity, and competition foster opportunity both in markets and in life.

💡 Part Three. Circular Reflection: Innovation and Imitation

You've seen how creativity and branding can make ordinary products unique. Now, step back and consider how freedom, competition, and innovation shape both markets and your own opportunities.

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💬 **Step 2: Reflect and Discuss-**

Instructions- **Choose one student to facilitate the circle**: keep time, invite every voice, and use the questions below to guide the discussion. Aim for everyone to speak once before anyone speaks twice. Push for "why/how" follow-ups, and connect answers to the Smucker's vs. Trader Joe's case, your team's pitch, and your own experiences.

1) How does economic freedom, the ability to design, market, and compete, encourage creativity?

   Suggested Answers: *Economic freedom encourages creativity because it gives individuals and firms the incentive and permission to experiment without waiting for government approval or direction. When people are free to design, market, and compete, they take risks to discover new ways to meet consumer needs, and they reap the rewards if they succeed. This process of trial, error, and innovation leads to better products, greater variety, and rising standards of living. Real-world examples include startups like Liquid Death or Oatly, which reimagined ordinary goods (water and milk) through creative branding that could only emerge in a free, competitive marketplace.*

2) How do entrepreneurs balance competing fairly while still trying to win customers' attention?

   Suggested Answers: *Entrepreneurs balance fair competition with the drive to win customers by focusing on value creation rather than imitation or restriction. In a free market, success comes from offering something new, better, or more appealing—not from blocking others from trying. Ethical competition means respecting property rights and consumer choice while still using creativity, marketing, and innovation to stand out. For example, smartphone brands like Apple and Samsung compete fiercely on design and features, but both rely on continuous innovation instead of copying each other's trademarks or packaging.*

3) Smucker's wants to protect its design; Trader Joe's wants to offer consumers a cheaper option. How should we decide where freedom to imitate ends and protection of creativity begins?

   Suggested Answers: *The balance between imitation and protection rests on whether copying harms innovation or helps consumers. Protecting a company's original design or trademark preserves the incentive to create and invest, a core principle of property rights in a free market. But imitation that stops short of deception can enhance competition and lower prices, benefiting consumers and driving continual improvement. Ideally, laws and market norms should protect unique creative work without preventing legitimate competition that challenges established firms to keep innovating.*

✍️ Step 3: Conclude and Connect

In one or two sentences, summarize your biggest takeaway from today's discussion:

Suggested response:
Free markets thrive on the balance between freedom and responsibility, entrepreneurs innovate when they're free to create but also accountable for their ideas. Differentiation, competition, and respect for property rights together drive progress, giving consumers better choices and encouraging continuous creativity.

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OPTIONAL PODCAST (WSJ PODCAST)

Extension Activity: The Battle Over PB&Js — Private Labels and Big Food

Share or play the WSJ podcast (≈15 minutes) featuring Jesse Newman and Ryan Knutson: "Smucker, Trader Joe's and a Battle Over PB&Js."

Provide students with a brief background: this story continues the Smucker's vs. Trader Joe's lawsuit explored in the Monday Morning Economist article.

Listening Focus: Have students listen for key terms like private label brands, market share, competition, innovation, and consumer perception.

Encourage them to jot down one example of how each company responds to market pressure.

Discussion Questions

1. How do private-label brands like Trader Joe's change the balance of power in grocery markets traditionally dominated by "Big Food" brands like Smucker's?

Encourage students to connect this to lower prices, consumer choice, and how profit incentives push established brands to innovate.

2. The podcast describes how store brands evolved from cheap "knockoffs" to trendy alternatives. What economic or cultural forces helped shift that perception, and how does it reflect the role of consumer sovereignty in free markets?

3. Smucker's argues that protecting its design preserves quality and brand identity, while Trader Joe's provides affordable access to similar products. Where should the balance lie between protecting creativity and allowing competition that benefits consumers?

Teacher Tip: *Wrap up by asking: "What does this case teach us about how liberty, competition, and innovation work together to keep markets dynamic?"*