Teacher Answer Key

Case Study

1. Its ads sell the experience instead of the price. Starbucks keeps repeating that it's a premium coffeehouse, which makes buyers see it as different from any other coffee shop.

2. Because customers believe the beans and drinks are better, they accept a higher price. Quality is what makes the premium feel earned instead of overpriced.

Multiple Choice

1. B

2. A

3. C

Matching

1-C, 2-E, 3-D, 4-B, 5-A

Fill-in-the-Blank

1) advertising, branding, quality, 2) features, benefits, 3) alternatives

Short Answer (Sample Responses)

Q1: Brand loyalty ensures that consumers return to a firm even if the price is slightly higher, as they trust the brand's quality and value.

Q2: Advertising helps a firm communicate its unique features and benefits, creating an emotional connection with consumers and building brand recognition.

Q3: Quality differentiation is important because it gives consumers a reason to choose one product over others, especially when price is not the only factor in their decision-making.