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Chapter 2 Spotting Trends and Opportunities

MULTICHOICE

1. What term does the text use to describe the first stage of a product or business?

(A) growth

(B) embryo

(C) gestation

(D) conception

Answer : (B)

2. How many jobs will the average worker have in his or her lifetime?

(A) 4

(B) 5

(C) 6

(D) 7

Answer : (D)

3. According to Tanya Shaw Weeks, which of the following is one of the keys to success in business?

(A) know what business you're *really* in

(B) work a 40-hour week every week

(C) follow the lead of the large corporations

(D) count on others to do primary research for you

Answer : (A)

4. Which of the following is a characteristic of Pacific Western Brewing?

(A) first brewery to use new-eye research

(B) first brewery to be ISO 9002 certified

(C) first Canadian brewery to export

(D) first brewery to use social media

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Answer : (B)

5. Which of the following is a defining characteristic of why Pacific Western Brewing is so successful today?

(A) e-commerce

(B) quality

(C) customization

(D) outsourcing

Answer : (B)

6. Which type of message is a clear, concise description of your business idea that can catch your listener's attention?

(A) business

(B) marketing

(C) elevator

(D) opportunity

Answer : (C)

7. What went wrong with Mary Clark and her boarding stable?

(A) The stable was run down.

(B) She used poor quality feed.

(C) She thought her target market was the horses.

(D) She purchased too many horses.

Answer : (C)

8. Which of the following would you interpret as a signal that market conditions are becoming negative?

(A) the price is discounted heavily at all levels

(B) the market is complaining about slow deliveries

(C) the product is advertised in the *Yellow Pages*™

(D) customers stand in line to buy the product

Answer : (A)

9. Which of the following is synonymous with success in your own small business?

(A) just do it-quit your job and venture out

(B) use your instincts and follow the advice of friends

(C) position yourself in a growth segment of a growth industry

(D) don't take no for an answer from the bank-use your personal credit cards

Answer : (C)

10. Which of the following principles applies to the evaluation of market segmentation?

(A) help identify opportunity gaps

(B) conduct secondary research

(C) divide up your marketing plan

(D) find a growth industry

Answer : (A)

11. What were the birth years of the baby boomers?

(A) between 1947 and 1966

(B) between 1950 and 1964

(C) between 1955 and 1967

(D) between 1980 and 1995

Answer : (A)

12. Which of the following is a factor that contributes to the splintering of the mass market?

(A) a growing middle class

(B) changing living arrangements

(C) downsizing

(D) outsourcing

Answer : (B)

13. Which of the following is an example of a market signal?

(A) business opportunity

(B) high back-order quantities

(C) gap analysis

(D) customization

Answer : (B)

14. What is the term for the marketplace where replacement items can be purchased?

(A) replacement market

(B) aftermarket

(C) market gap

(D) market segment

Answer : (B)

15. Which of the following is a defining characteristic of Generation Y?

(A) born between 1970 and 1995

(B) have the largest purchasing power in Canada

(C) also known as the Sunshine Generation

(D) represent the largest segment of the Canadian population

Answer : (C)

16. According to the textbook, how many environmental variables exist?

(A) 6

(B) 5

(C) 4

(D) 3

Answer : (A)

17. Which of the following is a key factor in the splintering of the mass market?

(A) growth in the middle class

(B) growth in the lower class

(C) shrinkage in the middle class

(D) shrinkage in the lower class

Answer : (C)

18. What is the term for a free and open exchange of ideas?

(A) secondary networking

(B) primary networking

(C) brainstorming

(D) mind mapping

Answer : (C)

19. According to Industry Canada, how many steps should an e-commerce strategy include?

(A) 4

(B) 5

(C) 6

(D) 7

Answer : (B)

20. What type of research did Paul Schmitt capitalize on with his virtual tour of real estate properties?

(A) secondary

(B) new-eyes

(C) primary

(D) new-trends

Answer : (B)

21. According to the text, how many major factors contribute to the splintering of the mass market?

(A) 1

(B) 3

(C) 5

(D) 10

Answer : (C)

22. Which term best defines an area of business that is expanding more rapidly than the sector as a whole?

(A) growth segment

(B) growth industry

(C) market segmentation

(D) mass customization

Answer : (B)

23. What do Tanya Shaw Weeks and Kazuko Komatsu have in common?

(A) perseverance, opportunity seeking, and persistence

(B) passion, opportunity seeking, and persistence

(C) perseverance, open mindedness, and personal wealth

(D) passion, open mindedness, and personal wealth

Answer : (B)

24. For Tanya Shaw Weeks of Unique Solutions Design, what percentage of sales are represented by exports to the United States?

(A) 30

(B) 50

(C) 60

(D) 90

Answer : (D)

25. Which of the following did Tanya Shaw Weeks of Unique Solutions Design use to her advantage?

(A) franchising

(B) technology

(C) marketing to boomers

(D) retailing

Answer : (B)

26. Which age group is the fastest growing segment for start-up businesses?

(A) Generation Y

(B) Generation X

(C) echo boomers

(D) baby boomers

Answer : (D)

27. What percentage of Canadians used the Internet for personal purposes in 2010?

(A) 50

(B) 75

(C) 80

(D) 90

Answer : (C)

28. Which of the following tactics maximizes creativity in a brainstorming session?

(A) consider only the most realistic ideas

(B) try to come to a group consensus on the ideas

(C) encourage the group members to reinforce and believe in each other

(D) work within a one hour maximum time frame

Answer : (C)

29. Which generation should not be ignored when it comes to business opportunity?

(A) Generation X

(B) baby boomers

(C) tweens

(D) Generation Y

Answer : (B)

30. According to the Government of Canada, what is one reason that new business opportunities are increasing?

(A) mass production

(B) mass consumption

(C) ethnic diversity

(D) a growing middle class

Answer : (C)

TRUEFALSE

31. Pacific Western Brewing (Chapter 2 case study) instituted a successful Internet strategy.

(A) True

(B) False

Answer : (B)

32. The existence of the mega corporation should be considered not a threat to the small entrepreneur but an opportunity.

(A) True

(B) False

Answer : (A)

33. A shrinking of the middle class is one of the reasons for the splintering of the mass market.

(A) True

(B) False

Answer : (A)

34. Electronic display bulletin boards and bankruptcy notices are sources of market signals.

(A) True

(B) False

Answer : (A)

35. According to the textbook author, most Canadian businesses, especially small enterprises, have been slow to use the Internet for online sales.

(A) True

(B) False

Answer : (A)

36. In Chapter 2, Pete and Geoff of Snowboard Express used an entrepreneurial technique called *horizontal mapping*.

(A) True

(B) False

Answer : (B)

37. According to Statistics Canada, ethnic diversity will continue to increase, leading to more opportunities for those who can cater to this trend.

(A) True

(B) False

Answer : (A)

38. According to the textbook, there are opportunities in the aftermarket.

(A) True

(B) False

Answer : (A)

39. E-commerce is the process of transferring funds electronically over the Internet.

(A) True

(B) False

Answer : (B)

40. According to the author, increasingly, people will have more time to do the things they want to do. This "surplus of time" is a major trend.

(A) True

(B) False

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Answer : (B)

41. According to the author, one factor that has splintered the mass market is a shrinking middle class.

(A) True

(B) False

Answer : (A)

42. Mary Clark (Chapter 2 case study) was successful because she knew she was in the business of stabling horses.

(A) True

(B) False

Answer : (B)

43. According to the textbook, cocooning is a major trend in the new millennium.

(A) True

(B) False

Answer : (A)

44. Stepping back is a good way to answer the question of what business you are in.

(A) True

(B) False

Answer : (A)

45. The term *echo boomers* refers to people born between 1947 and 1966.

(A) True

(B) False

Answer : (B)

46. The outsourcing trend provides opportunities for enterprising entrepreneurs.

(A) True

(B) False

Answer : (A)

47. The business life-cycle yardstick has three major stages: embryo, growth, and maturity.

(A) True

(B) False

Answer : (B)

48. *Outsourcing* refers to the contracting of outside specialists to perform functions that are or could be performed by company employees.

(A) True

(B) False

Answer : (A)

49. One of the most valuable tools for charting trends is the life-cycle yardstick.

(A) True

(B) False

Answer : (A)

50. Mind mapping is a free and open exchange of ideas.

(A) True

(B) False

Answer : (B)

51. Your elevator pitch can last for up to 10 minutes.

(A) True

(B) False

Answer : (B)

52. Market segmentation is a form of secondary research.

(A) True

(B) False

Answer : (B)

53. Generally, when an item can be obtained at deep discounts, it means that the product is at the end of its life cycle.

(A) True

(B) False

Answer : (A)

54. It doesn't really matter where you do your brainstorming.

(A) True

(B) False

Answer : (B)

55. A growth segment is an industry with an annual sales increase that is well above average.

(A) True

(B) False

Answer : (B)

56. According to the Government of Canada, the export market accounts for over 40 percent of Canada's gross domestic product.

(A) True

(B) False

Answer : (A)

57. According to the author, outsourcing is a growth trend that will continue in the years ahead.

(A) True

(B) False

Answer : (A)

58. *Echo boomers* comprise about 20 percent of the total population.

(A) True

(B) False

Answer : (A)

59. Breaking down potential markets into homogeneous groups with similar characteristics and qualities is known as *market segmentation*.

(A) True

(B) False

Answer : (A)

60. According to Statistics Canada, over the next decade, Canada's minorities will continue to grow, providing opportunities for those who cater to this trend.

(A) True

(B) False

Answer : (A)

61. Tanya Shaw Weeks of Unique Solutions (Chapter 2 case study) took advantage of the mass customization and outsourcing trends.

(A) True

(B) False

Answer : (A)

62. According to the text, changes within the business and social worlds can be grouped into two major environmental categories-economic and social.

(A) True

(B) False

Answer : (B)

63. According to the author, your elevator pitch should answer three major questions: What is your business vision? What is your business mission? And who is your main competitor?

(A) True

(B) False

Answer : (B)

SHORTANSWER

64. The third stage of the product life cycle is _____.**Answer :** maturity

65. A catchall term that includes any business function or process performed over electronic networks is _____.**Answer :** e-commerce

66. The process of breaking down potential markets into groups with similar characteristics and qualities is called _____ _____.**Answer :** market segmentation

67. An identifiable slice of an industry that is expanding more rapidly than the industry as a whole is called a _____ _____.**Answer :** growth segment

68. When you gather people around you and throw out ideas and get creative, you are _____.**Answer :** brainstorming

69. A clear, concise description of your business idea that can hook your listener into responding "Tell me more" is called a(n) _____ _____.**Answer :** elevator pitch

70. Changes in the business and social world can be grouped into six major_____ _____.**Answer :** environmental categories

71. According to *The Futurist*'s Top Ten Forecasts for 2013 and Beyond, the next space age will be _____ launches.**Answer :** commerical

ESSAY

72. According to the author, changes in the business and social world can be grouped into six major environmental categories. List these six categories and give an example of each.

Graders Info :

Changes within the business and social world can be grouped into six major environmental categories (acronym: SEPTIC):

a) **Social/cultural.** Examples include immigration, increase in the number of single-parent families, religion, ethnic shifts, and aging population.

b) **Economic.** Examples include recessions, inflation, changing income levels, and cost of housing, food, and energy.

c) **People (demographic).** Examples include increasing numbers of baby and echo boomers, and changing ethnic and multicultural patterns.

d) **Technological.** Examples include biotechnology, the Internet, nanotechnology, personal genomics, and universal translation.

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e) **International (legal/political)**.Examples include ruling political parties and changing rules-locally, provincially, and nationally-and tax laws. It is necessary to identify the growing export markets.

f) **Competition.** Examples include deregulation, impact of the box stores, and invasion of domestic markets by foreign companies.

73. List three possible market signals.

Graders Info :

Answers will vary. Some possible signals might be:
• long lines
• increase in back orders
• discount advertising
• help-wanted advertising
• heavy publicity
• fall in stock prices
• bankruptcy rates

74. In reference to the life-cycle stages, list
a. two products that are in the decline stage
b. two products that are in the embryonic stage.

Graders Info :

a) Answers will vary. Some examples of industries in the declining stage could include those for:
• letter writing
• VCRs
• wired home phones
• tobacco products

b) Answers will vary. Possible products or services in the embryonic stage could include:
• parallel computing
• memory tools
• RNAI therapy
• smart materials
• genetic screening clinics
• nanowires
• adult/senior care
• cloud computing
• stem cell research

75. For consumers, five key factors have splintered the mass market. Briefly explain.

Graders Info :

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Five key factors have splintered the mass market:
a) **A shrinking middle class.** There are more high-end, affluent consumers and an increasing number of low-income consumers (for example, part-time workers, single parents, and contract workers).
b) **Shifting sizes of age groups.** Each age group has particular well-defined needs. For example the echo boomers, the tweens, and the affluent over-80-year-olds are changing demographic segments that have specific needs.
c) **Changing and evolving living arrangements are changing and evolving.** These include step-families, dual-career families, single-parent families, grandparents raising grandchildren, three-generation households, more adult children returning to the nest, and the increasing number of empty nesters. Each of these groups has a different need for such things as furniture, housing, transportation, and food preparation.
d) **Growing ethnic groups with specific needs.** Canada's visible minority population has shown a three-fold increase since 1981, according to Statistics Canada. Each ethnic group has specific and individual needs.
e) **Improved information access.** The increasingly electronic economy means that all Canadians are better informed. They can search the Internet to get product and company information from around the world, and can make purchases with the click of a mouse.

76. According to Industry Canada, your e-commerce strategy should be composed of five stages. Briefly explain each stage.

Graders Info :

According to Industry Canada, an e-commerce strategy should be composed of five stages:

Stage 1:	**Communicating-E-mail and Internet Access** The Internet allows the business owner and staff to communicate inexpensively and precisely with suppliers, customers, and others by e-mail, while creating instant records of the exchanges.
Stage 2:	**Promoting-Create Your Own Website** In some ways, the web is like a 21st-century version of the *Yellow Pages*™. At the very least, it can serve as a great place to "strut your stuff" at a cost-effective price.
Stage 3:	**Linking Internally-Communicate Better Within Your Firm** Using an intranet, you can improve company processes such as project management, human resources, purchase orders, and inventory.
Stage 4:	**Linking Externally-Include Suppliers and Customers** The large payoff comes when a business uses the Internet to link with suppliers and customers (extranet). The Internet can serve both as an inexpensive way to increase sales and a cost-effective way to link with suppliers.
Stage 5:	**Creating New Business Models-Share Resources and Risk With Virtual Business Partners** The Internet has the potential to act as a central nervous system coordinating the firm's business activities. For example, sales information can be shared instantaneously with wholesalers, shippers, manufacturers, designers, and even suppliers of raw material. Suddenly, you would have an integrated supply chain.

77. According to the text, what three major questions should your elevator pitch answer?

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Graders Info :

An elevator pitch should answer three major questions:

a) What is the market?
b) How does your business satisfy this market need?
c) How do you, the business, and the target market benefit from this venture?

78. What is meant by the term *mass customization*? How did Tanya Shaw Weeks of Unique Solutions take advantage of this trend?

Graders Info :

Mass customization is the ability of a company to customize its provision of products or services efficiently and cost-effectively in large quantities.

The major products of Unique Solutions Ltd. were the body scanner and *The Virtual You*-a web-based technology for apparel retailers. These new technologies provided Tanya Shaw Weeks with a cost-efficient way to supply thousands of customers with their own customized sewing patterns.

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