# **Chapter 2—Spotting Trends and Opportunities**

## TRUE/FALSE

1.	It is impossible to start a successful business with only a small capital investment.					
	ANS: F	PTS:	1	REF:	p. 27	
2.	Once you have dev	veloped a	successful busi	ness for	rmula you don't need to worry about revising your	
	ANS: F	PTS:	1	REF:	p. 27	
3.	Reading magazine business.	s and best	sellers in a goo	d way t	to gather helpful information for starting your	
	ANS: T	PTS:	1	REF:	p. 28	
4.	Technology is an e	environme	ental variable.			
	ANS: T	PTS:	1	REF:	p. 29	
5.	. Futurist magazine predicts that textbooks may be replaced with online social gaming.					
	ANS: T	PTS:	1	REF:	p. 31	
6.	In terms of number increasing.	r of house	holds, the numb	ber of t	raditional married with children families is	
	ANS: F	PTS:	1	REF:	p. 32	
7.	In 2011, 75% of or	ur GDP w	as generated th	rough s	ervice businesses.	
	ANS: F	PTS:	1	REF:	p. 33	
8.	Generation Y individuals will have 2 -3 different careers in their lives.					
	ANS: F	PTS:	1	REF:	p. 34	
9.	Most of the population increase expected in the U.S. over the next 40 years will be due to immigration					
	ANS: T	PTS:	1	REF:	p. 34	
10.	Baby boomers are redefining aging and retirement.					
	ANS: T	PTS:	1	REF:	p. 36	
11.	Past generations ac	ccurately 1	reflect the buying	ng habi	ts of the baby boomer generation.	
	ANS: F	PTS:	1	REF:	p. 37	

	ANS: F	PTS: 1	REF: p. 38
13.	The iGeneration does	sn't have much influer	ce over the purchasing that occurs in the United States
	ANS: F	PTS: 1	REF: p. 41
14.	Patti Moir's Build Y	our Future, Inc. office	is a computer and Internet free zone.
	ANS: T	PTS: 1	REF: p. 41
15.	The middle class is e	expanding in America t	oday.
	ANS: F	PTS: 1	REF: p. 42
16.	Ethnic diversity is ra	pidly expanding throu	ghout the United States.
	ANS: T	PTS: 1	REF: p. 43
17.	The number of multi	generational househole	ds in the United States is declining.
	ANS: F	PTS: 1	REF: p. 43
18.	When looking for op about your daily life		estion to ask your friends is, "What frustrates you most
	ANS: T	PTS: 1	REF: p. 45
19.	American's spend a	lower percentage of ou	r income on health care now than in 1950.
	ANS: F	PTS: 1	REF: p. 45
20.	In the United States t	there is some backlash	against technology and social media stirring.
	ANS: T	PTS: 1	REF: p. 48
21.	The MIT Media Lab	Research Group studio	es how to give computers human-like intuition.
	ANS: T	PTS: 1	REF: p. 48
22.	Secondary research i	s conducted by person	al interview.
	ANS: F	PTS: 1	REF: p. 50
23.	Trade associations ar	re a good source of ind	ustry data.
	ANS: T	PTS: 1	REF: p. 51
24.	Magazine media kits	provide statistics abou	it their readers.
	ANS: T	PTS: 1	REF: p. 51

12. The fastest growing segment of the population is those under 15.

25.	Media kits will not give you demographic or psychographic information.							
	ANS: F	PTS:	1	REF:	p. 51			
26.	The Directory of Periodicals is a good place to start primary research.							
	ANS: F	PTS:	1	REF:	p. 54			
27.	Primary research inv	olves in	nteracting with	the wo	rld directly.			
	ANS: T	PTS:	1	REF:	p. 54			
28.	8. New Eyes research provides a variety of fresh ways to look at a business.							
	ANS: T	PTS:	1	REF:	p. 55			
29.	A Business Plan beg	ins with	n the industry o	verviev	v.			
	ANS: T	PTS:	1	REF:	p. 55			
30.	Brainstorming involves setting strict rules on content.							
	ANS: F	PTS:	1	REF:	p. 57			
31.	1. If entering a market in the embryo stage, be ready to meet and beat the competition head							
	ANS: F	PTS:	1	REF:	p. 58			
32.	Trends usually devel	op ovei	rnight.					
	ANS: F	PTS:	1	REF:	p. 60			
MIII '	TIPLE CHOICE							
MUL	III LE CHOICE							
1.	<ul> <li>Which of the following is false?</li> <li>a. Apple Computer started with \$13,500.00</li> <li>b. Dell Computers started with \$1,000.00</li> <li>c. Nike started with \$1,000.00</li> <li>d. Walt Disney started in his garage</li> </ul>							
	ANS: A	PTS:	1	REF:	p. 27			
2.	Which of the following a. Price b. Competition c. Social/Cultural d. Legal/Political	ing is no	ot one of the fiv	e majo	r environmental variables?			
	ANS: A	PTS:	1	REF:	p. 30			

3.	<ul> <li>Which of the following characteristics describe today's changing family?</li> <li>a. More households headed by women</li> <li>b. People having children later in life</li> <li>c. More people remarrying and forming blended families</li> <li>d. All of the above</li> </ul>					
	ANS: D	TS:	1	REF:	p. 32	
4.	Which statement accurately reflects the baby boomer generation?  a. They control over 70% of the financial assets in the United States  b. On average 1,000 baby boomers a day turn 65  c. They control less than half of the nation's discretionary income  d. All of the above.					
	ANS: A	PTS:	1	REF:	p. 36	
5.	are entering e a. Millenials b. Generation Y c. Baby Boomers d. Echo Boomers	entrepr	reneurship at th	ne highe	est rate of any age group.	
	ANS: C	PTS:	1	REF:	p. 39	
6.	The middle class:  a. Has average debt equal to 50% of their annual income  b. Have incomes stagnated at the 1977 level  c. Has seen their net worth remain unchanged over the last five years  d. All of the above					
	ANS: B	TS:	1	REF:	p. 42	
7.	Approximately what perelatives? a. 9.5% b. 2.5% c. 4.4% d. 6%	ercenta	nge of children	in this	country are being raised by grandparents or other	
	ANS: A	TS:	1	REF:	p. 43	
8.	<ul> <li>A major growing segment of the United States population is:</li> <li>a. Healthy, active 90 year olds</li> <li>b. Middle class Hispanics</li> <li>c. Both of the above</li> <li>d. None of the above</li> </ul>					
	ANS: C	TS:	1	REF:	p. 43	
9.	Which of the following a. Dunkin' Donuts b. Yogurtland c. CPR-Cell Phone Re d. Smashburger		t an example of	f Entrep	preneur Magazine's top 10 new Franchises for 2012?	
	ANS: A	TS:	1	REF:	p. 44	

10.	When compared to 1950, today Americans spent: <ul> <li>a. About the same percentage of their income on healthcare</li> <li>b. Approximately 15% more of their income on healthcare</li> <li>c. Approximately 22% more of the income on healthcare</li> <li>d. Approximately 8% less of their income on healthcare</li> </ul>					
	ANS: B	PTS:	1	REF:	p. 45	
11.	In Sherry Turkle's n  a. Rely more and n  b. Depend upon ou  c. Depend upon ou  d. Rely on technology	nore on rselves rselves	each other instead of other instead of techn	people	ving human tendency to:	
	ANS: D	PTS:	1	REF:	p. 48	
12.	<ul> <li>12. Secondary research:</li> <li>a. Should be completed after primary research</li> <li>b. Is another term for "new eyes" research</li> <li>c. Includes reading what someone else has discovered and published</li> <li>d. All of the above</li> </ul>					
	ANS: C	PTS:	1	REF:	p. 50	
13.	<ul> <li>When doing industry research:</li> <li>a. Only contact trade associations for your industry</li> <li>b. Contact trade associations for your industry and those your customers might belong to</li> <li>c. Contact trade associations for your industry and those your customers and suppliers might belong to</li> <li>d. Do not contact trade associations</li> </ul>					
	ANS: C	PTS:	1	REF:	p. 51	
14.	Primary research would include:  a. Reading Business Week  b. Conducting interviews  c. Being a mystery shopper  d. All of the above					
	ANS: C	PTS:	1	REF:	p. 54	
15.	Which of the follow  a. Niche  b. Embryo  c. Growth  d. Decline	ing is no	ot a life-cycle st	age:		
	ANS: A	PTS:	1	REF:	p. 58	

#### **SHORT ANSWER**

1. Define Target Market.

#### ANS:

Segment of market most likely to purchase your product or service. Possess desire, dollars, and decision makers.

PTS: 1 REF: p. 26

2. Explain the concept of the environmental variable.

#### ANS:

Changes within the business and social world occur within five major environmental variables. Each change in the environmental variables and subsequent trends affect how products are manufactured, marketed and delivered to the customer.

PTS: 1 REF: p. 29

3. What are the three key factors that have splintered the mass market for the consumer?

#### ANS:

(1) A shrinking middle class (2) ethnic groups shifting and growing throughout the United States and (3) living arrangements are changing and evolving

PTS: 1 REF: p. 42

4. Who should you invite to a brainstorming session?

### ANS:

Invite people who bring different ideas, backgrounds and experience to the table. Don't be afraid to ask some people who are "wild cards".

PTS: 1 REF: p. 57

5. Explain new eyes research.

#### ANS:

New eyes research provides a variety of fresh ways to look at a business. It is done when based on your existing knowledge, experience and intuition you play detective.

PTS: 1 REF: p. 55