

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 developed a successful business formula you don't need to worry about revising your plan.

ANS: F PTS: 1 REF: p. 27

3. Reading magazines and bestsellers is a good way to gather helpful information for starting your business.

ANS: T PTS: 1 REF: p. 28

4. Technology is an environmental 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 of households, the number of traditional married with children families is increasing.

ANS: F PTS: 1 REF: p. 32

7. In 2011, 75% of our GDP was generated through service 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 accurately reflect the buying habits of the baby boomer generation.

ANS: F PTS: 1 REF: p. 37

12. The fastest growing segment of the population is those under 15.
ANS: F PTS: 1 REF: p. 38
13. The iGeneration doesn't have much influence over the purchasing that occurs in the United States.
ANS: F PTS: 1 REF: p. 41
14. Patti Moir's Build Your Future, Inc. office is a computer and Internet free zone.
ANS: T PTS: 1 REF: p. 41
15. The middle class is expanding in America today.
ANS: F PTS: 1 REF: p. 42
16. Ethnic diversity is rapidly expanding throughout the United States.
ANS: T PTS: 1 REF: p. 43
17. The number of multigenerational households in the United States is declining.
ANS: F PTS: 1 REF: p. 43
18. When looking for opportunities, a good question to ask your friends is, "What frustrates you most about your daily life?"
ANS: T PTS: 1 REF: p. 45
19. American's spend a lower percentage of our income on health care now than in 1950.
ANS: F PTS: 1 REF: p. 45
20. In the United States there is some backlash against technology and social media stirring.
ANS: T PTS: 1 REF: p. 48
21. The MIT Media Lab Research Group studies how to give computers human-like intuition.
ANS: T PTS: 1 REF: p. 48
22. Secondary research is conducted by personal interview.
ANS: F PTS: 1 REF: p. 50
23. Trade associations are a good source of industry data.
ANS: T PTS: 1 REF: p. 51
24. Magazine media kits provide statistics about their readers.
ANS: T PTS: 1 REF: p. 51

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