

TEST BANK

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ENTREPRENEURSHIP AS STRATEGY

Competing on the
Entrepreneurial Edge



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Test Bank – Chapter 2

Multiple Choice Questions (answer is denoted by an asterisk)

1. Which paints a broader picture of a potential new venture?
 - a. Venture scope*
 - b. Venture concept
 - c. Target market
 - d. Customer niche

2. Once you determine an industry sector in which you wish to compete, it becomes your
 - a. target market. *
 - b. customer base.
 - c. industry analysis.
 - d. competitive scope.

3. Identifying the unmet needs of customers in a target market allows you to:
 - a. Determine competitive solutions
 - b. Determine if a market opportunity exists*
 - c. Make a distribution decision
 - d. Compile accurate financial information

4. What is the last step to bridge the industry sector to target market?
 - a. To understand what a customer does and how they use your product*
 - b. To understand the environment in which customers use your product
 - c. To understand the influences impacting your industry
 - d. To understand the competitive arena

5. What is white space?
 - a. A place where funding is available
 - b. The concept of growing into new customers
 - c. Space on a visual map that reveals a new market opportunity*

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- d. The initial concept of your venture
6. What characterizes an emerging niche market?
- a. No customers are willing to try new products
 - b. There are no customers in this niche
 - c. There is no current niche
 - d. No companies are addressing the needs of customers *
7. Why is it important to identify segments with innovative customers?
- a. So R&D becomes more expensive
 - b. So you can save money on distribution
 - c. So different distribution opportunities become available
 - d. Because innovative customers are more likely to try new products*
8. What is an end-user?
- a. The person who buys your product
 - b. The person who uses the product*
 - c. The person who sells the product
 - d. The person who offers product support
9. A customer who is stuck on a problem and desperate for help is likely to?
- a. Look for a cheap solution to their problem
 - b. Be open to a new solution and pay a high price*
 - c. Wait for a solution to come along
 - d. Avoid seeking out a new solution
10. An addressable market _____.
- a. is the size of the industry
 - b. are the companies competing in an industry
 - c. are customers in a market
 - d. is the size, value, and spending of customers within a specific industry*

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11. What is a characteristic of a market segment?
 - a. Customers have different needs
 - b. Customers live in different areas
 - c. Customers have similar core needs*
 - d. Customers look for different alternatives

12. What are useful segmentation variables for a B2C customer and a B2B customer?
 - a. Age and gender
 - b. Gender and size of business*
 - c. Income and education
 - d. Lifestyle and family size

13. Successful startups typically
 - a. try to be all things to all people.
 - b. use mass marketing.
 - c. target a specific market segment.*
 - d. try to invest the least in acquiring customers.

14. What are "core needs" of your customer?
 - a. Specific desires or frustrations relating to a "use case"*
 - b. The latent needs
 - c. Price
 - d. Sustainability

15. Successful entrepreneurs tend to
 - a. take complicated approaches to market segmentation.
 - b. avoid the segmentation issue.
 - c. keep segmentation simple and powerful.*
 - d. target all segments.

16. What are customer attitudes?
 - a. Specific desires and frustrations
 - b. Cognitive values or belief systems of end-users and buyers*

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- c. Physical activities surrounding the use case
 - d. Demographic variables
17. What are customer behaviors?
- a. Demographic variables
 - b. Specific desires and frustrations
 - c. Cognitive values or belief systems
 - d. Physical activities surrounding the use case*
18. What is a key characteristic of a customer segment of a market?
- a. Customers within that segment have different core needs
 - b. Customers within that segment are homogeneous*
 - c. Customers are considered a mass market
 - d. Customers within the segment behave differently
19. Innovative customers
- a. are cautious about adopting new products, services, or experiences.
 - b. drag out the buying decision process.
 - c. are less cautious about adopting new products, services, or experiences.*
 - d. are the same as laggards.
20. In general, successful entrepreneurs
- a. always start capital intensive businesses.
 - b. create a powerful brand backed by an equally powerful product or service that dramatically improves the customer experience.*
 - c. typically try to offer new solutions that are 20 percent better than existing solutions.
 - d. do not care about what competitors do in the marketplace.

Open-ended Questions:

1. Why is market segmentation so very important in crafting the strategy for a new venture?
2. Describe the three-step process that entrepreneurs use to arrive at a specific target market niche?
3. What is an addressable market?