## Answers
### Chapter 8 Quiz

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
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| 1. List the four growth options.             | 1. Market penetration  
2. Market development  
3. Product/service development  
4. Diversification                      |
| 2. What is market development?               | Finding new customers or markets for products or services.             |
| 3. What are the main reasons for market development? | 1. To achieve economies of scale  
2. Key competencies lie in the product  
3. Product is nearing the end of its life-cycle |
| 4. List the way you might enter a foreign market by gradually increasing your resource commitment. | 1. Export  
2. Sales agent  
3. License or franchise  
4. Joint venture.  
5. Wholly-owned subsidiary.              |
| 5. What is product development?              | Developing a completely new or modifying product.                      |
| 6. List the four forms of product development. | 1. Product modification  
2. Product expansion  
3. Product extension  
4. Completely new products               |
| 7. What is product                           | Developing product variations that meet the needs of different    |
### Expansion?

**Market segments.**

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<th>8. What is product extension?</th>
<th>Extending a successful brand to similar but different products or services that might be purchased by the same customers.</th>
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| 9. Which strategies have the greatest chances of success? | 1. Differentiation  
2. Speed of market dominance  
3. Continuous innovation  
4. Execution |
| 10. What are the four quadrants in the growth-share matrix and what are their business imperatives? | 1. Problem child – Develop opportunities  
2. Star – Invest in growth  
3. Cash cow – Manage for earnings  
4. Dog – Generate cash or close |
| 11. What is diversification? | Moving away from core areas of activity into completely new and unrelated product/market areas. |
| 12. What are the main reasons for diversification? | 1. To gain market dominance in newly emerging markets or industries  
2. To reduce risk in privately owned businesses |
| 13. What is related diversification? | Diversification into related areas where you have some product or market knowledge and/or expertise. |
| 14. What is systematic risk? | That part of risk associated with how the share price of a company performs compared to the overall market (measured by the company’s beta coefficient). |
| 15. Define the terms **economies of scope** or **synergy**. | This is the term used when less of a resource is used because it is spread across multiple activities. |
| 16. What is corporate venturing? | When large companies ‘buy-in' product development by acquiring smaller companies. |