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Canadian Business Research Intro

Avoid the Hype

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When you are looking to start a new business it is easy to get caught up in the hype surrounding your industry or market. If your research is to be effective however you must temper your enthusiasm. Look for the opportunities that exist not the ones you hope for.

A few years ago we did work for an entrepreneur who wanted to start a teahouse. The timing seemed to be perfect for this type of business. Industry experts had stated that the blending, whipping, freezing and flavoring of coffee had just about reached its limit (little did they know!). There were many signs that tea was positioned to be the next "designer" drink. Even Starbucks, the coffeehouse flagship, had introduced a wide selection of teas.

There were also a number of statistics that indicated this trend was in full swing. The Tea Council of Canada announced that nine out of 10 adults enjoyed tea and that 92 per cent of women and 87 per cent of men were tea drinkers. While sales in the total beverage sector grew by only 3% in 1999, tea sales grew by a phenomenal 12%

These were pretty impressive numbers and as a new entrepreneur you could be forgiven for dreaming of franchises and national expansion.

Research Tip

Reality Check

[Industry Ratios](#) allow you to benchmark your projected performance against industry norms.

They are a quick and easy way to ensure your expectations are reasonable.

You must however look more closely at the data itself and at other information available. In fact a good rule of thumb is that the more spectacular your business idea appears, the more thoroughly you should research the details.

For example: while there are many tea drinkers in Canada only 11% order tea when they are out. Moreover restaurant purchases have remained steady for the last three years with tea included in only four out of every 100 meals ordered. It is clear that the major growth in the tea market had been in home consumption not tea house visits.

Other details of note: 70% of Canadian tea drinkers brew their tea in a cup rather than a teapot showing disregard for etiquette and quality. Overall tea sales may have increased by 12%, but hot tea sales had grown by only 6% compared to the 22% growth in ice tea sales and 59% in green tea sales.

None of these statistics indicated that a teahouse was a bad idea. In fact the local market we researched for the above client looked quite promising. What this data did reveal however was that the success for such a venture requires more than merely opening your doors for business. While there are clear trends driving the growing popularity of tea, an entrepreneur must recognize that their market is not 9 out of 10 people walking past their location.

Hype breeds excitement. It is part of the thrill of being an entrepreneur. Nevertheless take a moment to settle your enthusiasm for your new venture, have a cup of tea and then research your business further.

Next: [you need more than mere statistics](#)

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