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## Canadian Market Research

# Canadian Business Market

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Researching the business market can be challenging. Unlike the consumer market where there are a number of regular surveys conducted (e.g. Census, taxfiler, health surveys), the business market is not tracked with great regularity. There are however a number of ways to assess your potential market size and your best prospects.

Do not approach businesses to sell them something, but rather to help them solve their problems. The key to business research is:

1. **Determining what particular problems your service/product can solve.**
2. **Finding what industries/business types recognizes these problems AND are willing and able to pay for a solution.**

Often in the business market, the best research strategy is to research a particular industry that you feel will benefit the most from your product/service. If you try to sell to every type of business, there is a chance you will sell to no one. By trying to reach too broad of market you run the risk of appearing unable to truly understand the particular

### Research Tip

#### Benchmark your market

[Financial ratios](#) are not only a useful tool for benchmarking your own business.

They are a great way to analyze the strengths and weakness of your business market.

needs of individual sectors. Just as with the consumer market, you want to define your business market as specifically as possible.

***When you are selling a somewhat generic business product/service sometimes it is easy to believe the entire business world is your target market.***

Unfortunately, that is never the case. Some industries already have long standing contracts with other companies for your product/service. Other industries do not have the financial strength at this time to begin buying a new product/service. When you are looking for those first customers, do not waste your efforts trying to persuade companies to break contracts or spend money they do not have. Find out what industries have an immediate demand for what you are selling. Identify which customers will be the most interested in your product/service and who have budgets to purchase them. This is not to say you will never approach companies with existing contracts. The advice is this: for a business in start-up mode, you need to find clients quickly so that you can meet your expenses. Start by identifying and servicing your immediate market, then look to expand.

Look at the references listed in [Economic Indicators](#) in our [Source Lists](#). They will help you to identify industries in a growth phase and those that have peaked. As a starting point look at the Statistics Canada free data on [Input - Output Accounts](#).

Market to companies that are most interested in your product/service AND are involved in growth industries. If you are unfamiliar with these industries and their needs, ask questions. The answers you receive from the first company you contact may provide you with the insight into the types of solutions you can offer the next company.

As with the consumer market, your best source of information is your own experience and contacts. Telephone a prospective client and ask them whether they currently use your product/service. If they don't, ask them why. Talk with other businesses in industries related to yours. What market trends are they noticing? What are their concerns?

Trade shows are often excellent environments to meet people and discuss the market. Don't be shy. Have business cards printed up and hand them out to everyone you speak with. Let them know you are setting up a new business. You will find many people are eager to offer advice. Also remember to ask each contact if they might be able to recommend someone else you could go to for further advice. You will find that

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most people are very accommodating.

Broad business surveys conducted by banks and by large accounting and consulting firms can be helpful in identifying major trends and difficulties within an industry as a whole. The results of these surveys are generally published in newspapers and magazines. Most are also listed within the appropriate industry subsectors within our [Source Lists](#). Also look at the subsector list entitled [Market: Workplace - Operation](#). This list covers data specifically related to how businesses operate. It is designed to include information for those looking to sell to the business market.

## Industry Canada

The [Industry Canada](#) web site is another excellent source for industry specific information, reports and surveys. It is particular strong for the manufacturing sector but information on the non-manufacturing sector is also available and growing in volume. The best place to start your search at this massive web site is the section called "[Business Information by Sector](#)". This section includes links to company directories, detailed industry statistics, industry contacts and organizations.

Also look at their [reports on current economic conditions, trade statistics and company directories](#). Again the purpose here is to help identify sectors most likely in a position to purchase.

Finally use the [Industry Canada search engine](#) when you visit. This is a massive site with a great deal of relevant and current industry information.

## Canadian Business Patterns

The closest survey to the Census for the business market is Statistics Canada's [Canadian Business Patterns](#). This data is based on government business numbers and provides detailed and reliable counts of business establishments. It is segmented by employee-size range (including businesses with no full-time paid employees), by revenue-size range, by Standard Industry Classification (SIC) and North American Industry Classification System (NAICS), by province/territory, metropolitan areas, census agglomerations, census divisions, census subdivisions and smaller geographical areas on a custom basis. It is updated twice a year.

Statistics Canada charges for this data. The cost for Canada and the Provinces the cost

is \$150. If you are only looking for a couple of industries for a specific local area you can generally expect to spend at least \$150 depending on the detail you need.

Highlight data from [Canadian Business Patterns](#) is also included in the [Market Research Handbook](#). It covers the total number of businesses by major sector at a national level by employee-size groupings. The data is however 2 years out of date.

Please note: [Canadian Business Patterns](#) will not provide you with company names and addresses. For that kind of information you need to contact a company that provides mailing lists such as [Dun & Bradstreet](#) or [InfoCanada](#)

Finally, many Chambers of Commerce and business associations purchase this data for their own purposes and make it available in annual yearbooks or promotional materials. Some municipalities also use [Canadian Business Patterns](#) data to profile their local economic structure. For example see the [Edmonton.com](#) web site.

## InfoCanada - Free Business Counts

While the Statistics Canada data is probably the most comprehensive available there are other sources for basic business counts that are cheaper. One source that we particularly like (because it is free) is at the [InfoCanada web site](#):

This is a business directory/mailling list company. Their data is primarily based on business telephone listings. If a business has a business telephone line they are included in the database.

From the business lists home page, click on "start building my Canadian prospect list" at the bottom of the page. The online program allows you to select the following criteria:

- line of business (Yellow Page Heading, or SIC (U.S.)),
- employee-size,
- sales volume size,
- geography (city, postal code, metropolitan/agglomeration areas).

The results page identifies the number of businesses that meet your criteria in their database and the actual price to purchase the related mailing list. NB: if you choose SIC as your industry classification type, you can search for businesses that have your market's industry code as either their primary or secondary line of business.

You can use this database to further segment businesses in your industry by simply adjusting the search criteria you enter. (e.g. first search on all florists in your market,

then search on the number of florists with less than 5 employees to determine the % of florists in this employee-size range). Of course, if you purchase the mailing list you will get those details as well as the company names and addresses.

While it is possible to browse for your industry in both the Statistics Canada and [InfoCanada](#) databases, it is best if you [know your industry classification code](#) ahead of time. Please note: the US SIC codes used by [InfoCanada](#) are different from the old Canadian SIC codes used by Statistics Canada. Use the following U.S. government resource for help identifying your U.S. SIC code: <http://www.osha.gov/oshstats/sicser.html>

## Industry Associations

Industry associations can also be helpful in identifying key sectors for your product/service. They can identify major problems facing a particular industry and the current trends in solving them. You can locate Industry associations by using the publication *Associations Canada*. It is available in most major libraries. Some even have electronic versions if it on that you can access through their web site. Visit your [local library web site](#) to find out how you can access this resource.

While *Associations Canada* is the most comprehensive directory, the Industry Canada web site also includes information on related associations and organizations in each “[Business Information by Sector](#)” profile.

Remember not to be too narrow-minded in assigning your clients to a particular industry or association. It is possible for consultants to find clients across a variety of industries. Your experience may be with one sector but your expertise could be applied elsewhere. A wastewater consultant may have worked only for municipal governments when he was an employee, but as an entrepreneur he must consider other sectors. Beverage manufacturers also have to deal with wastewater. Learn about related industries and their market potential for your business.

Start by visiting the web site of any relevant associations you identify. This will provide you with some basic information about the organization and upcoming events. It will also usually identify related periodicals or resources in the “useful links” section of the site. Some association web sites also include research, reports and statistics related to their members. It is also advisable to contact the association directly via telephone or e-mail to find out if they can offer more information or assistance.

## Periodicals, Directories, Labour Market Reports

If you identify any related industry periodicals, scan a year's worth and learn the details of the industry. Look at the ads. How are other companies marketing to this sector? Also, most industry periodicals have a "Buyer's guide" which they produce annually. Look at this guide to find out who if anyone is already supplying the product/service you are looking to sell. Can you identify any of their ads in the periodical proper and determine the opportunity they have identified in this market place?

Many daily newspapers periodically publish industry profiles drawing on a variety of surveys. Search for these profiles, using a periodical database. You can access these in most local libraries as well as in some cases through your [local library's web site](#).

Remember to keep your search broad. As a Human Resources consultant, do not just search for articles containing "human resources". Search for terms related to your actual service and its outcome. For example try "management techniques", "work stoppages", "employee productivity", "business ethics", etc.

The [Human Resources and Skills Development Canada reports](#) already mentioned in the [Demographics research guide](#) are another excellent source for local industry surveillance. They identify key players in the local business market. They comment on new company openings, layoffs, expansions etc. Use this information to help identify potential clients and their needs.

Another way to gain insight into your immediate business environment is to consult your local municipal government. Find out what companies and industries they identify as important to the community. Planning or economic development departments usually have some sort of information package they can provide to you free of charge.

Once you have identified a few target industries, use local directories to find individual companies within these industries. There are a variety of directories available for most communities. You can consult them at a major local library. They range from the Yellow Pages, to provincial directories produced by [InfoCanada](#), from city directories published by the local Chamber of Commerce or Board of Trade to other local name brand directories include Scott's and Bowers.

## Corporate Information

When you are looking for individual companies, you are trying to identify which local companies represent the best market opportunities for your business. Do not waste your time marketing to a business simply because it is located in a large building. Focus on

the businesses that most need your product or service. Someone is not going to hire your company because they have "lots of money". They are going to use it because they need your product/service and believe you can provide the quality they require.

Use publicly available information to carefully research individual prospects before you even contact them. Keyword search their company name in periodical databases and in [Canada Newswire](#) or in [CCN Matthews](#). Many publicly traded companies release their financial information via these sites.

If the company is publicly traded you will be able to access detailed financial information as well as their annual reports at the [SEDAR \(System for Electronic Document Analysis and Retrieval\) web site](#). This database contains publicly accessible information filed with securities commissions by Canadian public companies. You can also search this database directly by broad industry sector. You can access American annual reports free of charge at the [US Securities and Exchange Commission web site](#)

If you are unsure of which companies are in your sector keyword search [Canada Newswire](#) or [CCN Matthews](#). Each corporate news release is accompanied by a brief description of the business and the industry and the market it is involved in. It is this part of the news release that you are searching for your keyword match. For example if we search on "sporting goods" in CCN Matthews we will locate the following company description:

*"The Forzani Group Ltd. is Canada's largest national retailer of sporting goods, offering a comprehensive assortment of brand-name and private-brand products, operating stores from coast to coast, under four corporate banners: Sport Chek, Coast Mountain Sports, Sport Mart and National Sports. The Company also retails on-line at [www.sportmart.ca](http://www.sportmart.ca) and provides a content rich sporting goods information site at [www.sportchek.ca](http://www.sportchek.ca). The Forzani Group is also a franchisor under the banners: Sports Experts, Intersport, RnR, Econosports, Atmosphere, Tech Shop and Nevada Bob's Golf."*

Annual reports are an excellent source of industry intelligence. Find out how companies located in your target industry are performing and what they forecast for the future. While the financial information section of an annual report is informative, it is the "management discussion and analysis" section that usually provides the most insight. Here corporate managers interpret the financial results for you and provide key insights

into their marketplace. This can often include competitive information, market trends, and industry conditions. Certainly, an Annual Report is not going to give you all the information you need to assess how best to establish your own business, but it will give you insights often unavailable elsewhere.

For example of the type of data available is from the Alarm Force 2005 Annual Report:

*"The residential alarm industry is continuing to do well, and based on industry estimates, the compound annual growth rate for total revenues in North America over the past five years is approximately 8.4%...*

*"It is expected that industry fragmentation will continue in the North American alarm industry, with the estimated market share of the top three companies in terms of recurring monthly revenue having decreased from 45% to 41% since 2002. In the meantime, the estimated market share of the rest of the top 100 companies has remained virtually unchanged in that period. The net internal growth estimated for the industry was between 3% and 6% per annum in the eight-year period including 2004...*

Even better than a corporate annual report is an Initial Public Offering (IPO). When a company first goes public it must produce a prospectus, which basically explains why someone should invest in the company. It is similar to a business plan in that it describes the company's business, its financial performance and projections. Even more vital to the subject at hand is that it includes a profile of the company's market and the opportunities available there. Third party research is often quoted which provides not only data but an additional resource you can follow up on.

For example the Dexit IPO prospectus discusses Canadian use of ATMs and the resulting opportunity identified for their electronic payment facilitation service that provides an alternative for low-value-payment transactions. The source cited for electronic payment use in Canada is The Bank for International Settlements. By searching on this organization's name in Google we located their annual statistical report, which includes additional more up-to-date information such as value of transactions as well as international comparisons.

When you are using annual reports and IPOs make sure that you are not too specific in your search. If you are providing mobile pet grooming services, make sure you look at

the annual reports of pet stores and pet food manufacturers. Both can provide you with market insights of use for your own particular research whether they are actual statistics or the sources to follow up on for further details.

Next: [Forecasts](#)

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