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Canadian Market Research

Researching Your Location

(whether you have a physical address or not!)

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Many new businesses conduct market research to determine their target demographic and to profile their local market population. However when it comes to actually finding a specific address to locate their business they do not take the time to examine whether or not a particular location will reach the market they have identified.

"Location, Location, Location"

It is probably the most familiar piece of advice given to businesses targeting the consumer market. Yet it is the one most often neglected by new entrepreneurs. Concerns about market exposure or ease of access for customers are overshadowed by the desire for cheap rent and minimal renovation demands. Certainly occupancy costs must be maintained at a level within a business' budget limitations but this should not be done at the cost of lost sales.

It never ceases to amaze me when I go to visit my parents north of a Toronto, how a certain business location over and over again reopens as a restaurant. Over the last ten years there have been at least 6 restaurants that have opened and closed operations there and another one has just opened.

I can understand the attraction of this address for a new entrepreneur with a limited amount of capital. It already has a fully functioning kitchen and a newly renovated

Research Tip

Look at your Competitors

Look at where your competitors are located.

Determine the nature of their local market, daily traffic, and the key factors that could be contributing to their success.

dining area. All that is required is to individualize the space with paint and accessories.

Moreover the local demographics within a 10-km radius are perfect for nearly any type of restaurant. This particular location however clearly has some problems that are preventing success.

When you are just starting a business, it is easy to dismiss another business' failure as being something lacking in the previous entrepreneur's idea.

Do not be so arrogant as to think your business idea will succeed where others have failed simply because your idea is "better".

After 6 different restaurants have opened and closed at one location, it is clearly not the type of food served but rather the location. Perhaps it is a lack of accessible parking or perhaps it is the strong competition located on the other side of town. Further research is required to determine the exact cause but the fact is that there is a fundamental problem with this location for restaurants.

Make sure you do not stop your market research once you have decided on a particular market. Research specific locations as well. Find out what types of businesses were located there before you. How long did they survive? What sort of market did they serve? Why did they move? Did they go bankrupt? Move to another location? Did the owner retire? Just because a business is no longer at a location does not necessarily indicate that it left under bad circumstances.

The best way to research a specific location is to start with business directories. Most major libraries have subscriptions to business directories so they can provide you with information going back a number of years. The advantage of business directories is that most are organized by street address so it is easy to research a particular location. Some name-brand directories include Criss-Cross, Bowers, Vernon's Henderson's, Might's etc.

Also look at all the locations neighbouring yours. What sort of business turnover rate is your entire street experiencing?

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Count up the number of business locations and then figure out what percentage are new each year. Most directories identify new businesses with an asterisk. If the number is high - over 30% - you might be concerned about the viability of any business in this market.

Of course a high number could also mean market growth if the increase in new businesses is due to new addresses being added to the area (i.e. commercial development). Find out what is really going on around your proposed business location.

Use the business directories to also find out what types of businesses are moving into and moving out of the area. Are they major retail chains? Specialty clothing stores? Discount stores etc? You want to determine the commercial trends affecting your street address and decide whether they enhance or detract from the suitability of a location for your particular type of business.

Once you have a list of former businesses look at previous issues of the Yellow Pages. Not every business advertises in the Yellow Pages but for those that do you can get an idea of their marketing strategy especially if they have a larger ad. Larger ads usually contain a list of services or product lines carried by a retailer. Also look at previous issues of the Yellow Pages (most libraries archive back issues) to observe advertising trends and identify businesses that may no longer exist.

If you find a business that is not listed one year, follow up by telephone or by physically visiting their location to see if they have really gone under. It is possible that they are still in business but have decided to no longer list in the Yellow Pages. If they are actually out of business consider the particulars of the location and what could have caused troubles.

Finally, do not forget to talk to existing businesses around your location. Do they remember the type of businesses that were located at your potential location? Do they have any opinions on why previous businesses went under? How is business for their particular store?

Find out what sort of clients shop in the area. Can you successfully target the market that is already spending money at businesses close to the address you plan to rent? If not, will it be worth the money and effort to try and attract an entirely new market to the area? Will it even be possible to attract a new market to the area?

These are all vital questions to determining whether or not a location is suitable for your particular type of business.

It is not enough to be simply located close to your ideal demographic; you have to be located where they spend their money.

What if your business has no location?

Researching the non-store consumer market can be challenging. While all of the above sources will assist in determining the market for your product or service, you will still need to research the particulars of your non-store business environment. The basic question you need to answer is whether or not your product/service is viable in a non-store environment. In other words will people buy from you if you do not have a store/office?

The [Annual Fact Book](#) produced by the Canadian Marketing Association (former the Canadian Direct Marketing Association) contains up-to-date and detailed data on the direct marketing sector. The latest issue (2006) covers the following areas:

- Insight into marketing through different media, including:
 - Traditional channels like television, radio, newspapers, and magazines
 - Emerging media such as Short Messaging Service (SMS) and Search Engine Optimization (SEO)
 - Direct mail and catalogues
- How to reach niche markets, including:
 - Youth and Tweens
 - Baby Boomers
 - Gay Community
 - Chinese Canadians
- Special sections on:
 - Data Management Best Practices: Complying with PIPEDA
 - CMA and Partner research into marketer's views on:
 - Internal Branding
 - Campaign Automation
 - Trends, Innovation and Marketer Challenges - Ipsos-Reid
 - Agency-Client Industry Trends - Longwoods International
 - Use of Consumer Insight in Direct Marketing Initiatives
- Updated overview of the Canadian economy and demographics

- Updated overview of the SME market

Some major reference libraries and university business libraries carry a copy of this publication. You can also purchase it directly from the Association although it is pricey for non-members (\$450).

Statistics Canada also collects data, which specifically looks at the non-store retail sector. It provides insight into sales by product type as well as industry (e.g. Electronic shopping and mail-order houses, Direct selling businesses) [The latest data \(2004\) was release in March 2006](#). You can access more detailed results from this survey via CANSIM table:[080-0012](#) For more information on CANSIM [click here](#).

Also look at our [Source List](#) listings for [non-store retailers](#).

E-commerce & The Internet

The Internet consumer market is a unique challenge to research onto itself. Conflicting data on e-commerce is released almost daily. In order to successfully research the potential of your particular product/service, you must sift through the hype. One excellent on-line source is ClickZ Network (<http://www.clickz.com>) This web site acts as a clearinghouse of Internet news releases. You can conduct a keyword search and quickly collect together all the major statistics that have been produced. While the content at this site is excellent it is often lost in a sea of online ads! Make sure you read carefully to find the actual information presented.

Statistics Canada also tracks e-commerce sales directly. There are a [number of free tables](#) available at their web site. Also see the latest release for the [Survey of Electronic Commerce and Technology](#). Also see CANSIM: tables [358-0007 to 358-0011](#) and [358-0014 to 358-0016](#).

For many more sources on e-commerce and the Internet use, see the [Internet Sector](#) listings within our [Source Lists](#).

The following Internet subsectors are covered and updated regularly:

[Advertising](#)

Data specifically related to advertising on the Internet. Includes statistics on SPAM

[Auctions](#)

Data specifically related to Internet auctions (e.g. eBay).

[Consulting Services & Internet Infrastructure](#)

Data specifically related to consulting services and Internet infrastructure. Includes Internet Service Providers (ISPs) Web design, Internet access speed, viruses, Wi-Fi, Hotspots (Public WLAN)

[Demographics & Use - Business](#)

Data specifically related Internet use among businesses. Includes statistics on types of businesses accessing the Internet and their online activities (e.g. Intranets, presence of web sites.)

[Demographics & Use - Individuals & Households](#)

Data specifically related to Internet use among individuals and households. Includes statistics on household types accessing the Internet and the their online activities. (E.g. surfing habits, e-mail use)

[E-Commerce Business to Business](#)

Data specifically related to e-commerce between two businesses.

[E-Commerce Business to Consumer](#)

Data specifically related to e-commerce between businesses and consumers. (Online shopping)

[Education](#)

Data specifically related to education and training delivered via the Internet.

[Entertainment - General](#)

Data specifically related to the use of the Internet for entertainment purposes. Includes online dating, online gaming, music downloading, instant messaging.

[Entertainment - Adult](#)

Data specifically related to the use of the Internet to view pornographic material.

[Financial Information](#)

Data specifically related to the use of the Internet for financial information. Includes online banking, online stock trading, Electronic Bill Presentment and Payment (EBPP)

[Government](#)

Data specifically related to the use of the Internet to offer government services and information.

[Health](#)

Data specifically related to the use of the Internet to provide health services and locate health information.

[Travel](#)

Data specifically related to the use of the Internet to research and book tourism and travel services.

[Workplace - Recruiting](#)

Data specifically related to the use of the Internet for recruiting new employees. (E.g. job posting sites)

Next: [Business Market](#)

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