

SMR Tutorial—Getting to Know Your Industry

Module 3: Planning your Industry Research

Researching an industry that you're unfamiliar with requires extensive effort and planning your steps in advance can help you stay on track. Before beginning your research, make sure that you have specific research questions and a clearly-defined plan with manageable and measurable goals.

A good first step is to identify your industry. It might not always be obvious which industry or industries are associated with the product or service you're researching. In these cases, think about the market relevant to your industry and ask yourself if it falls under an existing, cloned, new, or re-segmented market type.

If you land in what Steve Blank calls existing markets such as food retailing, a good strategy is to find out if your business idea falls within an industrial classification system like the North American Industry Classification System (NAICS). NAICS is the standard used by both Canadian and U.S. statistical agencies in classifying businesses for the purpose of collecting, analyzing, and publishing statistical data related to the North American economy. These codes can help you find information such as industry statistics, industry profiles and analyses, competitors, and more. However, in some instances, these codes might not always be an effective search strategy, especially for new, emerging, and niche markets where these codes aren't yet established.

An important aspect of your research process will be discovering different ways secondary research is stored and organized.

If you are looking at a cloned market, the best approach is to focus on good secondary sources from the original geographic location and consider how it would apply to your intended geographic region. For example, let's say you have developed a new bike-sharing business for students and it appears to be the first of its kind in Canada. You might want to look at geographic areas in Europe that have similar programs, and then apply the local regulatory environmental factors where you wish to launch.

If your product or service will exist in a new and emerging market, or if it falls under a specific niche market, there may not be much secondary research available. If this is the case, you'll likely need to take a broader, more creative approach. Look at related and proxy industries, and consider how you can extrapolate pertinent information from them.



The next step is to formulate your research questions. Some typical industry research questions include:

- Within what industry will my business operate?
- What are the risks, trends, opportunities, and outlook for this industry?
- What are the economic and social conditions that affect this industry at each level, local, provincial, national, and international? Or what is the typical revenue and profit of this industry?

Questions related to target customers include:

- Who will my service or product be marketable to?
- What is the size of my market?

And questions about your intermediaries or competitors may be:

- Who are the major players in this industry, and how much of the market do they hold?
- What are their competitive advantages?

These are just examples of some typical industry research questions. You will need to take the time to formulate your own specific research questions based on the unique problems you need to solve.

There is no such thing as a standard research map for every venture idea; in every case, you'll need to carve out your own path—so the third step is to develop your own personal search strategy.

Selecting the right search strategy for your questions is just as important as the questions themselves.

Once you have your research questions prioritized, think carefully about who would be most likely to invest time and money in collecting and publishing this kind of information. This will help you plan your search strategy.

To help start you off on the right track, here is a quick comparison of the four most common ways to search.

Search engines are a good way to find background information and key statistics in addition to legislation and regulatory data, often yielding lots of results. They are also best for breaking news, controversial information, trending data, and new and niche industries. However, they aren't perfect, and results may contain outdated or costly reports requiring purchase.



Market Research or Industry Report Commercial Databases are best for in-depth information on established industries and cloned markets, third party analysis, pre-packaged market research reports, and syndicated reports, which will be in-depth and current. Visit local public and academic libraries to learn which databases you are able to access. However, different libraries access different databases, so be mindful when assessing where to go.

Business Article Databases can provide you with access to a vast web of relevant data, allowing you to search high quality sources such as trade publications and academic journals. However, their complicated interfaces and functionality frequently take time to master.

Government websites are best for background and key statistics, business directories, and legislation or regulatory information. Specific ministries or departments also offer tools relating to market research, such as Natural Resources Canada or Agriculture and Agri-food Canada, as well as Canada Business Network. Government websites include free access to authoritative information including data and reports, and can be geographically specific to municipal, provincial, or federal areas. On the other hand, some websites can be difficult to navigate, or information may be outdated or fragmented.

Although secondary market research will help you answer many of your questions, it is a mistake to expect to find clear answers to everything. Secondary sources will rarely be exactly what you're looking for because they were created for other purposes. After you've completed some initial searches, refine your research scope based on what you've learned. You may find that you need to be more specific or more broad, or whether there are other parameters you need to consider such as geography, demographics, or date ranges.

Always be objective and flexible, because if what you discover doesn't match your assumptions, it may be time to reflect on what that reveals, or you may adjust your strategy. Remember, market research is an iterative and ongoing process.

