

The Business Researcher Newsletter

February 27, 2006 Volume 9 Number 2

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Opening Comments

Hello,

Welcome to the February issue of the BR Newsletter.

We continue to strive to upgrade our content and services. This month we migrated our web site to a new server. While the prep work was extensive the actual transfer went remarkably well. If I sound surprised by that fact it is because I, like most entrepreneurs, am suspicious of IT "upgrades" that are "easy" and "seamless".

The result of the new server is that the site now loads much faster. The enhanced performance is especially apparent within the Stats Link Canada database. (<http://www.statslinkcanada.com>)

Also new this month is the printer-friendly PDF version of the BR Newsletter. Many of you have been suggesting this option for some time so here it is:
<http://www.gdsourcing.com/newsletter/Newsletter9-2.pdf>

In future issues the printer-friendly link will appear in the table of content as it does above.

I hope you find this issue helpful.

John White
GDSourcing - Research & Retrieval

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What's New at www.gdsourcing.ca - ISPs, Artists, Athletes

The following site summaries were added to the GDSourcing web site over the last month.

ISP Planet

Site: <http://www.isp-planet.com>

Site Summary: <http://www.gdsourcing.ca/works/ISP-Planet.htm>

New and information on the ISP sector worldwide. Includes a ranking of top ISPs in Canada.

Hill Strategies Research Inc

Site: <http://www.hillstrategies.com/>

Site Summary: <http://www.gdsourcing.ca/works/Hill.htm>

Data on the arts and culture sector in Canada.

International Olympic Committee

Site: http://www.olympic.org/uk/index_uk.asp

Site Summary: <http://www.gdsourcing.ca/works/Olympics.htm>

Data on Canadian Olympic medal counts and participation by Olympic year.

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Statistics Canada releases

The following statistics were released by Statistics Canada over the last month. We have listed those releases we feel are of the most interest to Canadian entrepreneurs.

Very few of these statistics are available on-line. The URL listed is a direct link to the press release associated with the data. It provides contact and ordering information. If you want to purchase any publication related to these releases please see our web site:

<http://www.gdsourcing.com/works/StatCan.htm>

We offer a 20% discount on most Stats Can publications and a 10% discount on Stats Can electronic products. For more information you can reach us at contact@gdsourcing.com. Put "StatsCan" in the subject line of your e-mail.

For a complete list of all Stats Can releases click here: [Stats Link Canada](#) 

AGRICULTURE

Potato production 2005 (revised)

<http://www.statcan.ca/Daily/English/060113/d060113c.htm>

A Geographical Profile of Manure Production in Canada, 1981 to 2001

<http://www.statcan.ca/Daily/English/060113/p060113.htm>

Agriculture value added account 2004 (revised)

<http://www.statcan.ca/Daily/English/060118/d060118c.htm>

Farm business cash flows 2004 (revised)

<http://www.statcan.ca/Daily/English/060118/d060118e.htm>

Farm Financial Survey, 2004

<http://www.statcan.ca/bsolc/english/bsolc?catno=21F0008XIB>

Blue skies for blueberries 1980 to 2004

<http://www.statcan.ca/Daily/English/060130/d060130c.htm>

Fruit and vegetable production Fall 2005

<http://www.statcan.ca/Daily/English/060210/d060210e.htm>

Wool disposition and farm value 2004

<http://www.statcan.ca/Daily/English/060215/d060215g.htm>

Hog Statistics, 2006

<http://www.statcan.ca/bsolc/english/bsolc?catno=23-010-XIE>

Sheep Statistics, 2006

<http://www.statcan.ca/bsolc/english/bsolc?catno=23-011-XIE>

Cattle Statistics, 2006

<http://www.statcan.ca/bsolc/english/bsolc?catno=23-012-XIE>

BUSINESS SERVICES

Industrial Research and Development: Intentions, 2005

<http://www.statcan.ca/bsolc/english/bsolc?catno=88-202-XIE>

Canada's retirement income programs

<http://www.statcan.ca/Daily/English/060207/d060207b.htm>

Surveying and mapping services 2004

<http://www.statcan.ca/Daily/English/060208/d060208b.htm>

Provincial distribution of federal expenditures on science and technology 2003/04

<http://www.statcan.ca/Daily/English/060210/d060210d.htm>

Survey on Financing of Small- and Medium-sized Enterprises 2004

<http://www.statcan.ca/Daily/English/060221/d060221b.htm>

CONSTRUCTION

Investment in non-residential building construction Fourth quarter 2005 and annual 2005

<http://www.statcan.ca/Daily/English/060117/d060117a.htm>

The age of Canada's public infrastructure 1963 to 2003

<http://www.statcan.ca/Daily/English/060130/d060130b.htm>

Real estate agents, brokers, appraisers and other real estate activities industries 2004
<http://www.statcan.ca/Daily/English/060131/d060131c.htm>

Building permits Annual 2005 (preliminary) and December 2005
<http://www.statcan.ca/Daily/English/060206/d060206a.htm>

Private and public investment 2006 Intentions
<http://www.statcan.ca/Daily/English/060223/d060223b.htm>

EDUCATION

Commercialization of intellectual property in the higher education sector 2004 (preliminary)
<http://www.statcan.ca/Daily/English/060127/d060127e.htm>

Registered apprenticeship training programs 2003
<http://www.statcan.ca/Daily/English/060207/d060207g.htm>

The lesser known private colleges 1993 and 2003
<http://www.statcan.ca/Daily/English/060217/d060217c.htm>

HEALTH

Access to health care services January to June 2005
<http://www.statcan.ca/Daily/English/060131/d060131b.htm>

Seniors' health care use 2003
<http://www.statcan.ca/Daily/English/060207/d060207a.htm>

Predictors of death in seniors 1994/95 to 2002/03
<http://www.statcan.ca/Daily/English/060209/d060209a.htm>

How Healthy are Canadians?: Annual report 2005.
<http://www.statcan.ca/bsolc/english/bsolc?catno=82-003-SIE>

Accessing first-contact health services 2003
<http://www.statcan.ca/Daily/English/060213/d060213a.htm>

Aging, health and work 2003
<http://www.statcan.ca/Daily/English/060222/d060222b.htm>

Mortality, summary list of causes, 2000
<http://www.statcan.ca/Daily/English/060223/p060223.htm>

HOSPITALITY

How technology and global conditions affect the Canadian travel industry
<http://www.statcan.ca/Daily/English/060112/d060112c.htm>

Annual Survey of Traveller Accommodation 2004 (revised)
<http://www.statcan.ca/Daily/English/060206/d060206c.htm>

Travel arrangement services 2004
<http://www.statcan.ca/Daily/English/060208/d060208a.htm>

Food services and drinking places
<http://www.statcan.ca/Daily/English/060217/d060217d.htm>

INFORMATION TECHNOLOGY

Annual Survey of Software Development and Computer Services
<http://www.statcan.ca/Daily/English/060126/d060126b.htm>

JUSTICE

Offences against the administration of justice 1994/95 to 2003/04
<http://www.statcan.ca/Daily/English/060111/d060111a.htm>

Maintenance Enforcement Survey: Child and spousal support 2004/05
<http://www.statcan.ca/Daily/English/060125/d060125a.htm>

Legal aid 2004/05
<http://www.statcan.ca/Daily/English/060207/d060207c.htm>

MARKET

Multipliers and outsourcing: How industries interact with each other and affect GDP
<http://www.statcan.ca/Daily/English/060112/d060112b.htm>

Population estimates by marital status and legal marital status, age and sex 2002-2005 (July 1)
<http://www.statcan.ca/Daily/English/060120/d060120b.htm>

Labour market shifts in manufacturing, construction and natural resources 2002 to 2005
<http://www.statcan.ca/Daily/English/060127/d060127c.htm>

Population Projections for Canada, Provinces and Territories, 2005 to 2031
<http://www.statcan.ca/bsolc/english/bsolc?catno=91-520-XPE>

Estimates of the number of census families July 1, 2005
<http://www.statcan.ca/Daily/English/060206/d060206b.htm>

Financial and taxation statistics for enterprises
<http://www.statcan.ca/Daily/English/060207/d060207d.htm>

The Impact of Macroeconomic Conditions on the Instability and Long-run Inequality of Workers' Earnings in Canada
<http://www.statcan.ca/bsolc/english/bsolc?catno=11F0019MIE2006268>

Labour Force Historical Review on CD-ROM 1976-2005
<http://www.statcan.ca/Daily/English/060220/b060220a.htm>

PRIMARY

Electric power generating stations 2004
<http://www.statcan.ca/Daily/English/060112/d060112e.htm>

Coal production 2005 (preliminary)
<http://www.statcan.ca/Daily/English/060213/d060213e.htm>

TRADE

Quarterly Retail Commodity Survey

<http://www.statcan.ca/Daily/English/060111/d060111b.htm>

New motor vehicle sales December and annual 2005

<http://www.statcan.ca/Daily/English/060214/d060214a.htm>

Canada's trade in beer 2003

<http://www.statcan.ca/Daily/English/060215/d060215b.htm>

Monthly Survey of Large Retailers December and annual 2005

<http://www.statcan.ca/Daily/English/060217/d060217b.htm>

TRANSPORTATION

On the road again, a profile of truckers 2004

<http://www.statcan.ca/Daily/English/060127/d060127b.htm>

Road motor vehicle registrations 2005 (preliminary)

<http://www.statcan.ca/Daily/English/060202/d060202b.htm>

Aircraft movement statistics 2005 (preliminary)

<http://www.statcan.ca/Daily/English/060203/d060203a.htm>

Large urban transit December and annual 2005 (preliminary)

<http://www.statcan.ca/Daily/English/060215/d060215f.htm>

Trucking industry 2004


<http://www.statcan.ca/Daily/English/060213/d060213b.htm>

Railway carloadings December and annual 2005

<http://www.statcan.ca/Daily/English/060221/d060221d.htm>

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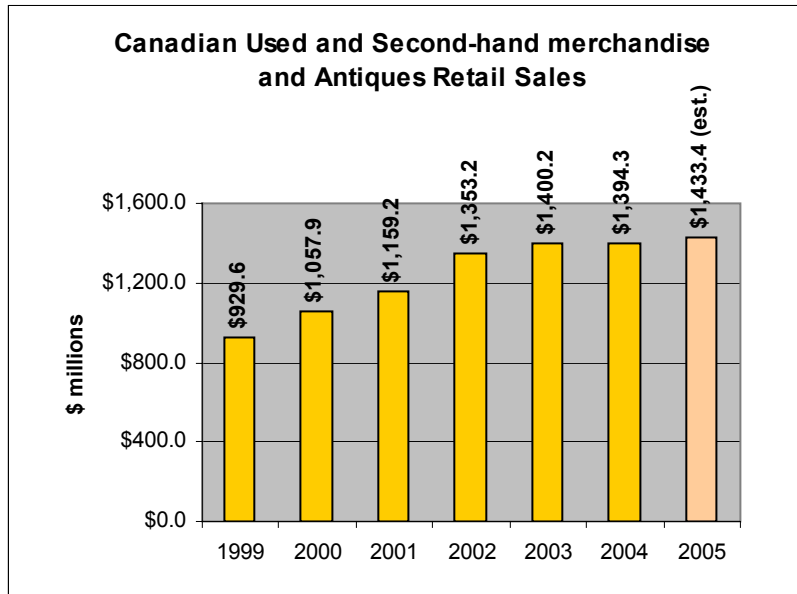
Researching the Second-Hand & Antiques Sector

References in this article have been sourced from the [Stats Link Canada](#) database 

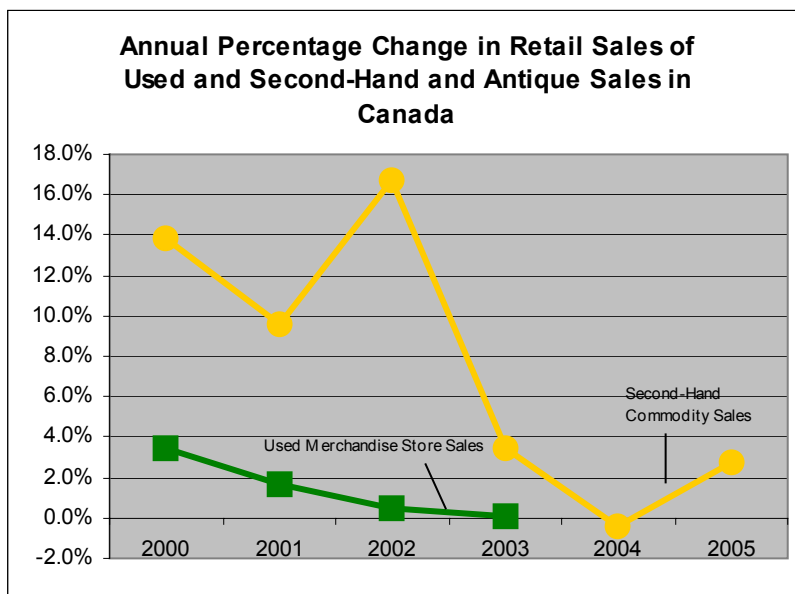
We have all heard the story of the person who found a Picasso at a flea market and sold it for millions but if you are thinking of starting a business in the Second-Hand sector your success will need to be based on more than a lucky find. Any dabbler can make a bit of money buying and selling used merchandise. We have all had the thrill of earning a few dollars from a garage sale. If however you are intent on a successful sustained second-hand merchandise business you need to do your research!

The Second-Hand and Antiques sector in Canada now generates more than \$1.4 billion a year in sales. Between 2000 and 2003 it experienced some of its most rapid growth in recent history. Sales grew by 33.2% more than doubling the rate of overall retail growth (15.1%).

Since 2003 however it has slowed dramatically. This short-term “surge and slow” appears to coincide with the initial popularity of online auction sites such as eBay and then the consequent maturing of the online second-hand market. It is worth noting that despite the slowing rate of growth the market gains have not disappeared. Overall second-hand commodity increases are simply more in line now with typical sales growth at second-hand merchandise stores.



Source Statistics Canada



Source Statistics Canada

Growth among second-hand merchandise stores has never been particularly spectacular. Since 2000 when store sales grew by 3.4% annual growth rates have dropped below 2%. During that same period the percentage of business that were profitable hovered around 60%, well below the retail average of 68%. Among profitable small second-hand retailers the average annual net profit

is \$24,500. Entrepreneurs in this sector are generally pursuing a passion as opposed to raw profit.

The key to operating a successful second-hand merchandise business is to focus in a specific area. This could be a specific product type, product style, collectible category etc. Start by looking at what your interests are and where your knowledge base lies. The only way to make money at this type of business is to recognize profit opportunities - products that are undervalued which you can then in turn resell for a profit at their true market value. Do not underestimate this skill. It has nothing to do with "lucky finds" and everything to do with knowing where to look, what will sell and when to buy.

I have a friend who deals in high-end silver. She watches eBay and estate auctions closely and purchases when she recognizes a profit opportunity. She then resells the items in other off-line auctions or directly to silver dealers and collectors. The business model would not work if she did not have a strong knowledge of silver values both on eBay and among local collectors. The added benefit of specializing is that she has developed a solid reputation within the local market as a reliable source for quality silver. Dealers now often approach her to find product for them. The sale is made before she even buys the item.

Once you have determined the types of products you have the greatest understanding of you need to conduct research into those product types. One of the best ways to do this is to look at auction records. Prices captured at auction are generally below retail market value but they can act as a barometer of demand and pricing pressure.

All reputable auction houses publish their auction results a few days after an auction has closed. These are made available to anyone who requests them. In some cases it will simply be a printed page with lot numbers and sold prices on it. In this case you will need to view the auction catalogue to know what each lot represents.

Some auction houses however are now posting their results online. Many are integrated with images from the original catalogue which makes researching market demand and valuation extremely easy. For example see the Ritchies web site: <http://www.ritchies.com/apps/index.cfm?page=auCTION.results> It provides you with the estimated value as well as the sale price. Lots without a sale price did not sell.

You can also view auction results in eBay. Search for the product type you are interested in selling then in the left column search panel click on "Show only: Completed Listings" The results page lets you know how many people bid on items (you will note that many items have 0 bids), whether or not the item sold, the final price, shipping costs and the end date. There is even a feature that lets you "view similar active items", in other words what is currently being bid upon.

From these sources you first want to determine whether or not your chosen product types are selling. If they are selling what prices are the items achieving? Are they selling at a price that allows you to have a profit margin high enough to be a viable business model.

You also want to figure out what products and product features are attracting the most bids? Profit margins are important but so are rapid turnover rates. They are vital for any type of retail business but especially for second-hand merchandise. No matter how cheaply you source a used product, you do not want to become stuck "storing" it. Storage costs money and will impact your margins and business success.

Talk directly to appropriate dealers, vendors and retailers at various venues. Are there certain product types or features that are in demand and selling well. Identify opportunities that exist and that match your expertise. By talking directly to people you are not only researching the

market but expanding your business network which in turn will help drive business in the future. If you can source hard to find product that these merchants are looking for they may turn from vital contacts to steady clients. If you are planning on selling a product line that is entirely different to their business, you may be able to secure future referrals from them. Never underestimate the power of networking!

Your research should also include the "first-hand" retail environment. In some cases your market will be looking at second-hand merchandise as a cheaper alternative to new. In this case you will want to have a clear understanding of overall demand and current retail prices. In other cases your market will be looking for products that are no longer available in the first-hand market. Again you will want to have knowledge of the first-hand options that might be considered comparable or inferior.

For basic information on gift product sales you may find the MarketPulse reports from the Canadian Gift and Tableware Association of some interest. These reports identify trends for specific product types sold at gift stores (e.g. Framed art & prints, photo frames, formal tabletop, collectibles, Canadian-made, figurines, small furniture). Many of these retail products are also sold within the second-hand sector. These reports include information such as the % of gift stores that stock these items, best selling price range by product type, and % of stores that plan to buy more of specific product types in the next 12 months. See: http://www.cgta.org/cgta_retailnews_marketpulse.asp

If you are selling non-gift type second-hand merchandise you should look for similar retail reports that are related to the first-hand market. The easiest way to do this beyond first hand knowledge (talking to vendors and suppliers directly) is to use a periodical search. Relevant articles will help to identify key players in the market as well as purchaser participation and trends.

You can conduct a periodical search in your local library or via their web site. All you need to access these databases from home is a valid library card. To find your local library on-line see: <http://www.collectionscanada.ca/gatepasse/>

Used Merchandise stores fall under the NAICS code 453310. This distinct code lets you access appropriate financial benchmarks for this store type. These let you gauge performance against an industry standard or help you to establish reasonable cash flow estimates for a business plan.

The Performance Plus web site (<http://www.sme.ic.gc.ca>) provides 2002 benchmarks for incorporated and unincorporated small businesses. There is no charge to access this data.

Canadian Industry Profiles also cover Used Merchandise stores. These profiles provide the most current time series data on business counts and financial performance that are available. For more information see: <http://www.gdsourcing.ca/CIP/CIP-44-45.htm>

Canadian Market Estimates can also be of assistance for two used merchandise categories: Antiques and Collectors' items (e.g., stamps, coins). These reports are based on an annual survey of household spending. They provide insights such as in 2004 households with income over \$100,000 a year represented 76.6% of the antique market and that 4.3% of Canadians reported purchasing Collectors' items. For more information see: <http://www.gdsourcing.ca/SBDC.htm#CME>

Prior to 2003, the Canadian Market Estimates reports covered the expenditure category: Used Computer Hardware. If you would like further information on this data please e-mail me at contact@gdsourcing.com

In addition to the resources listed above there are a number of niche guides that can assist you. They cover everything from [eBay strategies](#) to [specific antique and collectible catalogues](#). Consult all that are appropriate for your product type. Go to the library, local bookstore or use an online book retailer such as [Amazon.ca](#) to find useful references.

Serious money can be made by serious entrepreneurs in the second-hand sector. You need a passion for knowledge and the drive to pursue it. Like any business venture thorough research is vital.

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Canadian Importer Database

Competitive Intelligence is a vital part of business research. According to a Statistics Canada study, one of the major factors that contributes to the failure of new micro businesses in Canada is underestimating the strengths and market share of your competitors.

If you are importing products into Canada, the Industry Canada [Importer Database](#) can be a useful research tool for competitive intelligence. It provides a list of the top 80% (in terms of \$ value) of companies importing goods into Canada, by product, by city and by country of origin. It also identifies market concentration which is the number of businesses that make up various % shares of the overall import value. http://strategis.gc.ca/sc_mrkti/cid/engdoc/index.html

For example the following market concentration table is provided for the product grouping: 3924900040 - Flower pots, of plastic

Number of Importers	Value of Imports (\$CDN)	Cumulative % of Imports
3	11,398,477	44.81
6	15,636,846	61.47
10	18,473,496	72.62
17	20,333,778	79.93
All	25,439,975	100.00

In other words 3 companies account for 44.81% of the total import market for this product. This helps you to identify whether your marketplace is dominated by a few companies or whether concentration is less pronounced.

The report also lists the following companies as making up the top 80% of businesses in this product grouping:

Company Name (alphabetical order)	City	Province	Postal Code
CANADIAN TIRE CORPORATION LIMITED	Brampton	Ontario	L6T 4L5
COSTCO WHOLESALE CANADA LTD	Ottawa	Ontario	K2E 1C5
DURACO PRODUCTS INC	Forest Park	Illinois	
FIELDS STORE A DIV. OF HUDSONS BAY	Richmond	BC	V6V 1W1
GARANT GP	St.-Francois-de-la-Riviere-du-S	Quebec	G0R 3A0
HOME DEPOT OF CANADA INC	Toronto	Ontario	M5B 2M6
I T M L INCORPORATED	Brantford	Ontario	N3T 5M8
JACK VAN KLAVEREN LIMITED	St. Catharines	Ontario	L2R 6Z4

Company Name (alphabetical order)	City	Province	Postal Code
LA MAISON DES FLEURS VIVACES	Saint-Eustache	Quebec	J7R 4K6
PLANT PRODUCTS CO LTD/LES PRODUITS DE PLANTE CIE	Brampton	Ontario	L6T 1G1
POTTERY EXTRAVAGANZA (CANADA) INC	Mississauga	Ontario	L5T 1N8
RENO-DEPOT INC	Montréal	Quebec	H2R 2Y8
RONA INC	Saint-Laurent	Quebec	H4R 1P8
TIMM ENTERPRISES LIMITED	Oakville	Ontario	L6J 4Z5
UFG SUPPLY SALES	Burnaby	BC	V5J 5E2
WAL-MART CANADA CORP	Mississauga	Ontario	L5N 1P9
WESTGRO SALES INC.	Delta	BC	V4G 1B6

You will note that the information about the companies is limited. No financial nor import share detail is provided. These companies, listed alphabetically, simply represent 80% of the import market. The reason for the suppression is primarily to protect confidentiality. Despite the scant detail however this is still a valuable competitor list as it identifies the key players in the marketplace.

The [Importer Database](#) also allows you to search by product and country of origin. So for example if you want to know the top companies importing Electric Toy Trains from the U.K. the Importer Database tells us that the total value imported from the U.K. in 2004 was \$344,254 and the top 80% of importers were:

Company Name (alphabetical order)	City	Province	Postal Code
ACADEMY PRODUCTS CANADA INC	Concord	Ontario	K4K 2T4
BRITISH SCALE MODELS (CANADA) LTD.	Vancouver	BC	V6S 2C2
BRITANIA MODELS	New Westminster	BC	V3M 1E5
DON'S HO SERVICE (95)	Moncton	New Brunswick	E1G 1T3
FEDERAL EXPRESS CANADA LTD	Mississauga	Ontario	L4W 5K6
LINTON'S ROUNDHOUSE WAREHOUSING INC	Burlington	Ontario	L7L 4X8
MODEL RAILWAY IMPORTS	Oakville	Ontario	L6J 5C1
P. M. HANSEN LTD.	Richmond	BC	V7A 4S5
WM. K. WALTHERS, INC.	Milwaukee	Wisconsin	

The product detail is provided at a 6 and 10-digit HS level. If you are not familiar with the HS coding system, the database allows you to search by keyword at a 6-digit level. Make sure that once you click on an appropriate 6-digit code you also click on the "Drill down to HS10 product code level" button. It will let you know what further product detail is available. With the plastic flower pot example above we started with the HS-6 code 392490 - Household & Toilet Articles NES - of Plastic. We then drilled down to 3924900040 - Flower pots, of plastic.

If you are still uncomfortable with HS codes look at the About Product Codes section: http://strategis.gc.ca/sc_mrkti/cid/engdoc/about_product_codes.html

The [Importer Database](#) can also be used to identify the top 80% of importers by city or by country of product origin. This portion of the database however does not include product detail. It is only useful if you want to identify the top importers within a certain jurisdiction or from a specific region. So for example the total value of imports by companies based in Welland, Ontario is \$213.2 Million. The top 80% companies are:

Company Name (alphabetical order)	Postal Code
ATLAS STAINLESS STEEL	L3B 5R7
BOSCH REXROTH CANADA CORP./CORPORATION BOSCH REXROTH CANADA	L3B 5X7
GENCORP CANADA INC	L3B 5R9
VESUVIUS CANADA INC.	L3B 5P4

A similar report could be generated to determine for example the top companies importing from Argentina.

This resource does not provide you with all the competitive intelligence you will need to succeed as an importer or wholesaler. It does however provide you with a good starting point. Now that you know who the major players are you can use readily accessible resources such as the Internet, periodical databases and publicly available financial information (e.g. SEDAR: <http://www.sedar.com>) to start researching the individual companies directly.

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Small Business Stats Facts

Each Business Researcher Newsletter ends with a collection of five statistics related to Canadian small businesses

[Click here](#) to see the latest Canadian Small Business stats referenced in the [Stats Link Canada](#) database. 

1. What % of Canadian business owners reported greater stress levels now as compared to one year ago?

48% (Global Average 57%)

Source: Grant Thornton (Feb 2006)

2. What was the average number of holiday / vacation days taken by Canadian business owners last year?

17 days (Global Average: 16 days)

Source: Grant Thornton (Feb 2006)

3. What is the total IT (hardware, software & services) spend projected for Canadian small businesses in 2005 & 2006? What is it for medium and large businesses?

Total Canadian IT Spend by Business Size			
\$Billions			
	2005	2006	% change
Small	\$12.9	\$13.0	2%
Medium	\$23.9	\$22.9	-4%
Large	\$4.6	\$4.9	7%

Source: Ipsos-Reid (Feb 2006)

4. How fast has self-employment grown since 2003?

+8% (double the rate of growth in the number of paid employees)

Source: CIBC (Jan 2006)

5. How many Canadian small businesses do their accounting manually?

Nearly one million

Source: Intuit Canada (Jan 2006)

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