

COMMERCE 1MA3

Research Resources for Introduction to Marketing

Video Transcript

Welcome.

This Library session will focus on the research resources that will help you complete the reports specifically required for your Introduction to Marketing course.

The resources discussed should also prove useful for other Commerce courses you take at McMaster as well.

During this session, you will learn how to find all the key components required for the reports in this course.

This includes ...

- how to find and use industry codes,
- how to identify companies and competitors in an industry,
- how to find information about a company,
- how to track down market share data and
- how to find industry info

We'll also touch on how to cite all the resources you find and how to get more help if you have any questions.

Before we begin, know that all the resources discussed in this session are listed and accessible from a research guide that the Library has prepared specifically for this course.

It includes both open access and subscription resources that you can connect to with your MacID anytime, anywhere.

Remember that subscription resources should always be accessed through the Library's website to ensure you are properly authenticated and to ensure you get full access to the Library's licensed content.

Let's start with industry classification codes, something you'll be using fairly frequently when doing business research.

An industry classification code is a hierarchical numbering scheme used to classify and organize industries.

Industry codes are assigned to companies engaged in the same activity regardless of size or type of ownership.

Industry classification systems group industries according to a hierarchy or various levels.

At the top of the classification scheme are industry sectors such as Agriculture, Manufacturing, and Retail.

Sectors are typically broad categories that are represented by a two-digit code.

In this example, the manufacturing sector is represented by the digits 31 to 33.

Each sector is then broken down into more granular levels.

The more specific the industry activity, the longer the industry code number.

In this slide we can see that food manufacturing is a subsector within the manufacturing sector and is represented by the digits 311.

Other subsectors within the manufacturing sector will begin with the same digit, the number 3, but will be followed by other digits to denote a different activity.

For instance, 315 represents the Apparel Manufacturing subsector and 322 stands for the Paper Manufacturing subsector.

As the activity gets more specific, the industry code number will get progressively longer, sometimes extending to 6 or more digits.

In this slide, we've drilled down to a 6-digit code - 311340 - which represents the Non-Chocolate Confectionary Manufacturing industry.

In addition to the industry code number and the formal industry name, an industry classification system will also provide a description of the industry.

The entry usually provides a definition, along with examples of the activities that are included and excluded from that industry.

In this example, a company that manufactures candy (like jellybeans and gummy bears) could be classified in the non-chocolate confectionary manufacturing industry.

A company doesn't have to manufacture all the example activities noted in the description, just one of them to be included in this industry.

If the same company also produces items excluded from this industry (such as salted nuts), it could be assigned an additional industry code such as 31191 for Snack food manufacturing.

In other words, one company can be engaged in many different industries and have several different industry codes.

Industry codes apply to all types of companies - they can be large or small; they can be privately held or publicly traded – company size and type of ownership doesn't matter when it comes to assigning industry codes.

Companies engaged in the same activity can be classified in the same industry.

In this example, a large, publicly traded company like Indigo and a small, private, independent business, like King W. Books located in Westdale, both sell books, so they would both be classified in the same industry – which in this case is - 5942 Retail Books.

Industry classification codes are usually created by government agencies like Statistics Canada.

Although governments will develop the classification system, they do not assign the codes to companies.

There is no central agency that does this activity which means there can be some variation and inconsistency in the codes that companies are assigned.

Different people may interpret the activities of a company differently so the same company can have several codes.

This issue will be illustrated with examples in the upcoming slides.

Industry codes are used by people in a wide variety of fields including business, education, and government.

You won't just be using these codes for your academic course work, but for research in the workplace as well.

Why are the codes created?

Primarily, to standardize and facilitate the way we communicate about industries.

The industry codes ...

- can overcome language barriers
 - provide precise and official industry names and descriptions
 - can help gather and collate information on industries
 - can be used to identify competitors
-

The two most common industry classification systems in Canada are the SIC or Standard Industry Classification and the NAICS the North American Industry Classification System.

The SIC code is no longer updated and dates back to the 1980s which means it doesn't cover new technology – like telecommunications – very well.

SIC codes can be up 4 digits long which does not allow for a lot of granularity.

SIC codes were replaced in the 1990s by the NAICS code.

Instead of having a separate SIC system for different countries, it was decided that Canada, the United States and Mexico would develop a shared industry classification system for North America called NAICS.

NAICS is updated every 5 years, so it does capture modern technologies and new industries.

NAICS codes can be up to 6 digits long permitting for more detail and specificity.

Although NAICS codes were created to replace SIC codes, many current resources still use the old SIC codes.

Publishers who produce company directories and research databases don't always want to make the switch for cost reasons, so you will encounter both codes in your research.

As such, it's good to be aware of both SIC and NAICS codes, as you may have to use both to retrieve information about your industry or company.

In this course, you are expected to find a 6-digit NAICS code for the industry that you want to focus on in your reports.

The code you pick will dictate how you discuss the industry in your reports.

So how do you find your NAICS code?

For this course, you are expected to use the latest North American Industry Classification System produced by Statistics Canada, which is NAICS 2022 version 1.0.

You must find the 6-digit NAICS code and description from this manual for the industry you decide to focus on in your reports.

These next few slides illustrate how to find a NAICS code using the NAICS Canada manual at the Statistics Canada website.

The site allows you to browse for an industry using the classification structure or you can search for keyword(s) to locate your industry code, name & description.

In this example, I'm going to search for the beer brewing industry. To find the relevant code, I simply enter a keyword that describes my industry – in this case the word beer.

The search results display entries that include the word beer.

Keep in mind that you are searching the entire industry classification system, so review the results carefully and make sure you pick a link with 6 digits and one that falls in your sector of choice.

For this example, I'm interested in beer making, so I would avoid results that are retail oriented such as 445320 Beer, wine, and liquor retailers.

The result that seems most relevant for beer brewing is 312120 Breweries.

Now you may be tempted to stop here, but in order to get the complete details about this industry, you need to select the link to view the full entry.

This slide is an excerpt of the full entry for this industry.

It turns out that 312120 is the 6-digit NAICS code.

Breweries is the official, formal name for this industry.

The description, along with examples and exclusions are presented.

Any establishment engaged in brewing beer, ale, malt liquors and non-alcoholic beer could be assigned this industry code.

The information in this NAICS code entry will specify how you discuss the industry you choose for your course reports.

When you use the NAICS Canada manual, you may encounter an industry with the superscript CAN, MEX or US.

If you see US, it simply means that the Canadian and United States industries are comparable.

All the codes in the manual are Canadian, just some are more comparable with the US or Mexico.

As long as the 6-digit code you find comes out of the NAICS Canada manual, you can use it for this course.

It's also important to read the descriptions in the manual carefully because you don't want to pick the wrong one and submit incorrect codes and lists of competitors.

For example, shoe manufacturing and shoe stores are two different industries, with two very different codes, as are telephone and cellular phone manufacturing.

It's very easy to fall into the wrong category, so read the definitions carefully.

A lot of people want to do a piece of the code, but for this course you need to do the whole industry as it's defined by the 6-digit NAICS code.

For instance, if you were interested in basketball manufacturing you would discover that it doesn't exist as its own industry in NAICS. It's part of the Sporting and athletic goods manufacturing industry which does include basketballs, but also hockey sticks, fishing rods and other equipment.

You need to talk about the whole industry as its defined by the NAICS code at the 6-digit level, not just one part or piece of the industry.

Since this course is primarily focused on the consumer, you are expected to select an industry that centres on business-to-consumer or B2C activities.

In other words, do not pick an industry that is focused on business-to-business or B2B activities such as wholesaling.

Pick an industry that sells or produces a good or service available to the average consumer or shopper.

You should also pick an industry that will allow you to complete a PESTEL analysis. In your report, you will be required to identify at least one opportunity and one threat for each environment in a PESTEL – what political, economic, social, technological, environmental, and legal factors are affecting or impacting your industry.

Before you settle on an industry, you may want to do some preliminary research on it to ensure that you can find enough information to complete the PESTEL portion of your report.

Some students are unsure if they can do a manufacturing industry for this course because they think it may be too removed from the consumer.

The truth is you can do a manufacturing industry as long as the end product the industry generates is consumer oriented.

The industry does not have to sell directly to the consumer, but it should be a consumer product.

For example, an industry that produces rolled steel wouldn't be appropriate for this course since individual consumers don't typically buy this product.

Consumers do purchase vehicles made of rolled steel, so automobile manufacturing would be a permissible manufacturing industry in this course.

If you're not sure about the suitability of your industry, ask yourself, have I bought this product lately?

If you have, chances are it's okay to do that industry for this course.

Another thing you need to keep in mind is that the product or service produced by your industry must be marketed or sold in Canada, but not necessarily made in Canada.

Your industry should have at least three companies or competitors in Canada.

Companies do not have to originate in Canada, but they do have to do business in Canada.

Once you have an industry code, you can turn to some of the Library's company directories and databases and search by that code to find a list of companies active in that industry.

One such directory is the Canadian Business Database.

It is the Library's most comprehensive directory of companies in Canada covering all industries. You can search by SIC or NAICS codes, along with a variety of other criteria such as geography, business size and more.

To find all the beer brewing companies in Canada using a NAICS code, select Advanced Search, select Keyword/SIC/NAICS from the business type menu, then key in the 6-digit NAICS code for Breweries - 312120 and select the View Results button.

Keep in mind that this database is produced by an American publisher, so there may be some variation of the NAICS code at 6 digits or more.

To confirm the code number, use the NAICS Codes look-up link in step 3.

If the number is slightly different, but describes the same industry, use the code recognized by the database in order to retrieve a list.

In other words, use whatever number works for your industry in this database.

The NAICS code search generates a list of over 800 breweries located across Canada. It is possible to change the sort order by clicking the column headings at the top of the list.

What this list does is verify that we've picked the right code for the industry.

All the companies listed - such as - Amber's Brewing Co., Beer Factory and Big Rock Brewery – sound as though they should belong in the beer brewing industry.

Moreover, we can see that this industry has more than three competitors in Canada, so it confirms that this industry meets that requirement of your course report.

The list is also a good way to gauge the size and scope of the industry in Canada.

To view a brief profile of a company, select the company name - in this case, we'll pick Big Rock Brewery Inc.

Each company entry in this database includes basic information about the company including location, business demographics and business expenditures.

Up to this point, we've looked up an industry first and then found companies within that industry.

You can also find an industry by looking up a company first.

A lot of students have a company they know they want to focus on for their report, but aren't sure which industry they belong to.

Instead of looking through the industry classification system to find an appropriate code, you can look up the company in one of the Library's company directories or databases to see what industry codes those sources have attached to that company.

Once you are presented with some options, turn to the industry classification manual, and confirm that the industry code, name, and description is the same.

For example, if I wanted to find the industry code for the company Blackberry, I could look up the company name in the Canadian Business Database.

The entry includes an Industry Profile section which identifies a few SIC and NAICS codes for the company.

Review the options and pick the NAICS code that is of most interest to you and meets the criteria for this course.

In this example, the telephone apparatus manufacturing industry is suitable for this course, so I would verify that the first 6 digits noted – 334210 - match the industry code in the NAICS Canada manual and I can confirm that it does.

Most companies do many things, so it's not uncommon for a company to belong to two or more industries to better reflect all the activities the company is engaged in.

As mentioned earlier, no central agency assigns the codes to companies, so there can be quite a bit of inconsistency/variation from one source to the next.

Sources may interpret a company's activities differently – some may think Canadian Tire belongs to the Hardware Store industry, some may think it belongs with Department Stores – neither is wrong, it's just a difference of opinion or emphasis.

If a source presents you with a number of industry options for a company, pick the one that fits the criteria for this course – pick a B2C industry and pick one that you like best.

If you can't find a source that includes an industry you believe your company belongs in, you can go ahead and assign that industry code to your company – just make sure your company actually does what's described in the 6-digit NAICS code.

To illustrate the variety of industry codes one company can have, let's look at the Home Depot, a home improvement retailer that sells building materials, home repair & improvement products, lawn & garden supplies & various installation services.

I looked up Home Depot in several company directories and found the following NAICS codes for the company.

All of these industry codes describe some aspect of Home Depot's activities, but you wouldn't have to discuss all of these industries in your report – pick the one you like best and pick the one that is B2C focused.

The only code that you wouldn't be able to do in this course is the last one – 532490 - which is a more business-to-business oriented industry.

To reiterate, companies may have inconsistent industry codes and companies can have multiple industry codes.

Don't worry about these discrepancies and variations in industry codes.

If a code describes what your company does, then you can say it's in that industry.

Just make sure it comes from the NAICS Canada manual from Statistics Canada.

For your course report, you will also have to focus on a Canadian company within your industry.

The company must have a head office in Canada. The company doesn't have to originate in Canada, it simply has to have a geographic presence in Canada.

The company should also be currently active and publicly traded. Public companies have a responsibility to their shareholders to provide updates about their finances and business practices. As a result, information on these types of companies is readily available.

The public company you pick, must also have been listed for at least the last four consecutive years as you will be assessing several years worth of the company's financial statements. In other words, if a company is public this year, but wasn't last year, it is not eligible to be the company you focus on for this course. The company should be continuously listed for at least the past four years.

The company you pick can be a multinational company or a subsidiary of a multinational, but the Canadian entity should be publicly traded. In other words, if HSBC Bank and HSBC Bank Canada are both public, you should pick HSBC Canada because you need to use Canadian corporate data and financials which is typically only reported in Canadian filings.

In other cases, the Canadian entity may not be public, in which case the company would be ineligible for this course.

For example, Home Depot Canada is the Canadian subsidiary of the US based Home Depot. The Home Depot in the United States is public, whereas Home Depot Canada is private, so it cannot be used as the main company for your report.

The competitors in your industry can be private or public, only the company you focus on in your report has to meet the criteria outlined in this slide.

Other company suggestions to keep in mind.

Focus on a company that is well known and has a national presence, as more information is likely to be available.

Focus on a company where you have a confirmed contact. A friend or relative in a company may be able to provide answers to questions that are not widely publicized.

You should also avoid a private company like a start-up or sole proprietorship. Privates have no legal obligation to disclose anything about their finances or performance, so information is challenging to locate.

Also for this course, avoid doing a holding company, an income fund company or a public institution such as a university.

If you're unsure about your company type or structure, the Library subscribes to several company databases (such as Mergent Online) that can help you confirm whether the company you are considering meets all the criteria for your report.

Mergent Online is a company database that includes both active and inactive public companies from around the world.

You can search for companies by name, by industry code, index, exchange, or country.

In this example, we're going to search for the company TELUS by selecting International Company Database (Active) and entering its name in the search box.

Mergent Online includes a profile for TELUS Corp

Reviewing the company profile and information contained in tabs such as Company financials, Annual reports, Filings and Company reports confirms that Telus is a currently active, public company in Canada that has been listed for several years.

Although some of this information is freely available on a company's website, the Library's subscription databases extract and compile information from these sites for more user-friendly research options – for instance, all financial information for this and other public companies can be downloaded to Excel, facilitating analysis and comparisons between companies.

A key document for public companies is the annual report which CAN be an excellent source for company financials, plans, mission statements, and more.

You can find annual reports and other company documents and financials on the company website or through databases such as SEDAR and Mergent Online.

Although annual reports can provide great insight into a company, you should be aware that it won't answer all of your questions and it won't be the most objective report on the company.

These reports are promotional tools that emphasize good news stories and downplay poor financials and bad ideas.

You should supplement your company research with reports produced by analysts who work outside the company to get a more critical appraisal of the company's financials and its performance.

The Library subscribes to several databases that include such reports including Investext within Mergent Online.

The Investext tab contains full-text research reports on global companies (and industries) written by analysts at leading investment banks, brokers, and independent research firms.

Research contributors include BNP Paribas, Credit Suisse, CIBC World Markets, HSBC Global Research, Morningstar, Wells Fargo and hundreds more.

This slide highlights a report on Canadian Tire produced by GlobalData, a data analytics and consulting company.

It includes a SWOT analysis and other evaluative information about the company.

Unlike company annual reports, analyst reports are not typically available on the open web, so make sure you take advantage of these reports by accessing them through the Library's subscription databases.

Current Canadian market share is another component you need to include in your course report. You are expected to identify the top 3 companies in your industry based on sales or revenues along with their corresponding market share percentages & values.

Your company of choice doesn't have to be one of the top competitors and those companies that are in the list may be all public, all private or a mix of both.

The top three companies will not typically represent 100% of the industry.

There are likely many more competitors in the industry, but they do not need to be identified in your course report.

Here is an example of the elements you should include in a market share table for your report.

One column should indicate the names of the companies in order of largest to smallest market share.

The second column should indicate the market share percentage (based on the industry size) that is associated with each company.

The third column needs to show the value of the market shares translated into *sales or revenue of the industry*.

To be clear, you are calculating this based on your industry's sales or revenue not on the company's overall sales or revenue.

In this example, the top 3 companies comprise 84% of the market (\$6.60 billion). The remaining 16% (\$1.26 billion) is comprised by other companies in the industry.

Market share for Canada can be difficult to locate.

You're also not likely to find a market share table with all the required elements, like the one in the previous slide.

Many companies don't publicize their market share for competitive intelligence reasons, so you may have to create a table based on information you piece together from a variety of sources.

The Library subscribes to several databases that can contain market share information.

Some of the most promising ones are noted on this slide – IBISWorld and Passport are probably your two best bets.

When you find market share, make sure the content is Canadian - look for the word Canada in the table title, report, or article to confirm the location of the market.

Here's a sample market share table for Top Marshmallow Brands 2002.

Is this market share table enough for your course report?

The short answer is no, but why?

Is this a market share table of companies or brands?

The table title indicates brands, but you need company market share for this course, not brand market share.

All the brands listed may actually be produced by the same company, and that's not what is needed.

Is this market share for Canada?

Probably not. Canada is not mentioned in the table.

Many market share sources are produced by American publishers, so when geography is not specifically noted, it's generally assumed that the data applies to the US market.

If you're not sure of its geography, investigate the source of the information more thoroughly.

What about currency?

Is 2002 market share too old for this course?

Yes, it is. You need to find something more recent, preferably sometime in the last two years or so.

If you do find market share in a published source, make sure it is Canadian and make sure that it is company market share.

If you can't find your market share in a published source, you can try a company contact or you may have to estimate Canadian market share based on everything you've learned about the industry and its companies from your research.

An estimate that shows your calculations and includes supporting documentation may be the best that you can do, and that's okay.

Often times the information you need won't be available, so you have to deduce what you can from the sources that are accessible to you.

Your report will also include a PESTEL analysis on your industry which involves discussing at least one opportunity and one threat in each of these six environments.

Political
Economic
Social
Technological
Environmental
Legal or Regulatory

The Library subscribes to several databases that should help you address the impacts that trends in these environments have on your industry and the companies within it, although some will cover certain environments more thoroughly.

The next few slides highlight some key resources and their coverage of these environments.

IBISWorld is one of the largest providers of industry information.

Their database includes over 400 current Canadian industry reports at the 5-digit NAICS code level.

Everyone in this course should be able to find a report on their industry in this database.

All six PESTEL environments are addressed in relatively lengthy industry reports produced by IBISWorld.

You can browse a list of Canadian industry reports, or you can search for your keyword(s) across all the reports.

In this example, we're looking for a report on Wireless Telecommunication Carriers in Canada.

We can browse the menus to locate the report, or we can enter relevant keywords into the search box.

All IBISWorld industry reports are structured the same way and have a standard table of contents.

All sections of the report should help with your PESTEL analysis, but some key areas to explore include ...

- Industry at a Glance, which contains a SWOT analysis on the industry.
- Major Companies which includes market share information
- and Key Statistics which provides current and historical data on the industry.

In particular, Key External Drivers within the Industry Performance section identifies issues and factors that specifically affect the industry.

The points noted, lead to a report with further information and analysis on that topic.

IBISWorld is one of the few sources that make a clear connection between an environment and its effects on a specific industry.

Another database worth exploring for this course is EIU Viewpoint, a database produced by the Economist Intelligence Unit, an organization known for its global country analysis and research.

Viewpoint is updated daily and is especially useful for the political, economic, and legal environments.

Select the Geography menu and pick Canada to view all the EIU analysis, reports, and data available for Canada in Viewpoint.

Although the content may not necessarily be specific to your industry, you may be able to extrapolate and apply the insights you discover to your particular industry.

Passport, produced by Euromonitor International, is a global market information database that includes worldwide reports and statistics on industries (mostly B2C), economies (or countries), consumers and companies.

Browse the menus in the Passport toolbar or search by keyword to find relevant reports and statistics.

The Consumer Behaviour in Canada report should help everyone with the social environmental trend analysis for their industry.

Statista is a database that includes millions of statistics and a variety of reports on thousands of topics from a number of sources.

You can browse the menus or search for worldwide country, consumer, company and industry reports and information.

Statista is useful for researching almost all environments for your PESTEL analysis.

One of the best and most underutilized sources for industry information are trade association websites.

Almost every industry and profession have an association or organization that supports its members and advocates for its interests.

Some associations are international, others are regional or national in scope, and others can be local.

The Canadian Marketing Association (CMA) and the Western Canadian Shoe Association (WCSA) are two such examples.

Associations often provide industry statistics and identify current issues and trends in a given industry.

In particular, associations are especially familiar with the legal and regulatory issues facing the industry and are often the ones lobbying governments about these issues.

How do you find a trade association relevant to your industry?

You can search the Associations Canada directory, or you can simply search the Internet for the words Canada, association and some industry keywords to locate a relevant association.

Although you may not be able to locate an association that exactly matches the activities represented by your industry code, you may find one that is in the same sector and still applicable.

Here's an example of an association for the retail sector – the Retail Council of Canada - which has links and info that could apply to almost all retail industries.

Topics that may be addressed at association websites include:

- finance and tax
- labour
- legislation and regulations
- product safety
- store operations
- health and wellness
- sustainability

Keep in mind that some content at association websites may not be completely open and free to the public.

There may be a fee involved, or you may be able to gain access to the content by contacting the association directly.

Once you've done all your research, you'll need to put it all together in your reports.

For this course, you're expected to format your report and cite your sources according to the Citation Guide for Business, a guide that has specifically been developed for the DeGroote School of Business and which is based on the latest edition of the Chicago Manual of Style.

As you do your research, collect the full details of your sources so that you have all the necessary elements required to cite them correctly.

Resist copying and pasting only the URLs of sources as they may not work at a later date, and you may not be able to locate the source again.

To avoid this disappointment and frustration, be thorough about recording citation details as you do your research.

Examples of how to cite many of the resources discussed in this session are included in the Citation Guide for Business.

A sample Notes and Bibliography page is also included at the end of the guide. Please note, that you are required to use ENDnotes, not FOOTnotes in your course reports.

Are you still with me? Feeling overwhelmed, confused?

When in doubt, go to the Library! We are here to help.

If you have questions about your research or about access to resources, select the Get Help option from the toolbar on the Library's website.

Several help options are displayed on the Get Help page, including email, phone, face-to-face and live chat.

It's best to check the website for latest service hours and contact details.

Thank you for your attention and good luck with your research!