



# INDUSTRY AND COMPETITOR ANALYSIS

This guide provides an overview of techniques useful in conducting an industry or competitor analysis and a listing of resources available in Milner Library. For additional printed sources consult the subject online catalog. The subject headings used in the catalog are not always the terms you expect. For example, information about soft drinks is located under CARBONATED BEVERAGES, but information about the industry is under SOFT DRINK INDUSTRY. Use the ***Library of Congress Subject Headings*** to identify the correct headings. If you do not find any books listed for a specific industry, look under the subject heading for the broad industry group instead. For example, if no books are listed under SOFT DRINK INDUSTRY, try BEVERAGE INDUSTRY. Books about the broader industry group may contain chapters or sections about your industry. Books about individual firms can be located by searching the catalog under the name of the firm as a subject heading.

The basic steps in an industry and competitor analysis are to:

1. **Identify the industry for the firm, product, or service**
2. **Analyze the industry**
3. **Identify competitors**
4. **Analyze the competition**
5. **Dig deeper** - use norms and ratios, guides to sources, and periodical articles.

## IDENTIFY THE INDUSTRY IN WHICH THE FIRM OPERATES

If it is not evident from the firm's name or other information you have, consult:

***Value Line Investment Survey.*** (Reference HG 4501 .V26)

***Merger's Industry Review.*** (Reference HG 4961 .M6803)

***Industry Surveys.*** (Desk Reference HG 4905 .S64)

For listed firms, you can determine the industry, and the major competitors, as these sources analyze the industry leaders.

***Standard & Poor's Register of Corporations.*** (Desk Reference HG 4057 .A401)

***Million Dollar Directory.*** (Reference HC 102 .D801)

For each firm listed, the major product lines and SIC codes for these products are given.

## IDENTIFY THE INDUSTRY FOR THE PRODUCT OR SERVICE

***Standard Industrial Classification Manual.*** (Floor 2 Information Desk - PREX 2.6/2:IN 27/987)

Guide to the federal government's Standard Industrial Classification (SIC) codes.

***North American Industry Classification System – U.S.*** (Floor 2 Information Desk – PREX 2.6/4:2002/CLOTH)

The manual for the new North American Industry Classification System (NAICS).

## SIC AND NAICS CODES

Standard Industrial Classification (SIC) codes are four digit numerical codes assigned by the U.S. government to business establishments to identify the primary business of the establishment. The classification was developed to facilitate the collection, presentation, and analysis of data; and to promote uniformity and comparability in the presentation of statistical data collected by various agencies of the federal government, state agencies, and private organizations. The first two digits of the code identify the major industry group, the third digit identifies the industry group, and the fourth digit identifies the industry:

20	Food and Kindred Products
209	Miscellaneous Food Preparations and Kindred Products
2096	Potato Chips, Corn Chips, and Similar Snacks

Note that the digit "9" used in the 3rd- or 4th-digit position of a classification code designates miscellaneous industries not elsewhere classified. These miscellaneous classifications are not comprised of homogeneous primary activity groups. They are grouped together and treated as a separate industry in order to retain the homogeneity of the other industries in the group.

To find the SIC code for an industry, consult the ***Standard Industrial Classification Manual***, ***Standard & Poor's Register of Corporations***, or use the alphabetic listing at the front of the ***Predicasts F&S Index*** for any year. To find the SIC code for a firm, use one of the company sources listed in this guide.

Beginning with data collected in 1997, the North American Industry Classification System (NAICS) replaced the SIC system. Like the SIC, NAICS is a system for classifying establishments by type of economic activity. This new system was developed jointly by the U.S., Canada, and Mexico, to make international comparisons easier. The 1997 Economic Census was the first to use the new system.

Although the principles of the system are the same as for the SIC codes, individual industry classification numbers are longer (6 digits) and may vary considerably from the SIC codes. The first two digits identify a major Economic Sector [formerly Division], the third digit designates an Economic Subsection [formerly Major Group], the fourth digit designates an Industry Group, and the fifth digit designates the NAICS Industry. The NAICS code for potato chips is:

31	Manufacturing
311	Food Manufacturing
3119	Other Food Manufacturing
31191	Snack Food Manufacturing
311919	Other Snack Food Manufacturing

To identify NAICS codes, consult the ***North American Industry Classification System - United States, 1997***, the equivalent of the SIC Manual listed above.

You will need the SIC or NAICS code to use such resources as the ***Economic Census***, the various business ratio sources, and the ***Predicasts F&S Index***, as they are arranged by SIC or NAICS code.

## INDUSTRY ANALYSIS

**Industry Surveys.** (Desk Reference HG 4905 .S64)

Industry analysis, trends, information sources, and financial data for leading companies.

**Encyclopedia of American Industries.** (Reference HC 102 .E53)

**Encyclopedia of Emerging Industries** (Reference HD 2324 .E528)

Overview of over 1,000 manufacturing and service industries. Arranged by SIC code. Cover industry organization, structure, background, development, and more.

**Economic Census.** Bureau of the Census.

Useful for potential market, past production levels, sales, and market share. Conducted every five years (2002 is the latest). 2002 reports are in electronic format, as are 1997 reports, 1992 and earlier reports are in print and are kept in the Documents Area on Floor 4:

**Census of Manufactures.** (Floor 4 Documents C3 .24)

**Census of Retail Trade.** (Floor 4 Documents C3 .255)

**Census of Wholesale Trade.** (Floor 4 Documents C3 .256)

**Census of Service Industries.** (Floor 4 Documents C3 .257)

**Census of Transportation.** (Floor 4 Documents C3 .233)

**Census of Mineral Industries.** (Floor 4 Documents C3 .216)

**Census of Construction Industries.** (Floor 4 Documents C3 .245)

**Economic Census** information page: (<http://www.library.ilstu.edu/page/494>)

Up-dated by the annual:

**County Business Patterns.** (Floor 4 Documents and electronic C3 .204)

**Census of Agriculture.** (Floor 4 Documents C3 .31)

Similar to the **Economic Census**; provides data on agricultural production.

**IBISWorld** (online)

Provides detailed analysis of narrowly defined industries.

**U.S. Industry & Trade Outlook.** (Floor 4 Documents C61.48: )

Provides an overview of 50 broad industry groups and the outlook for the next five years.

## ADDITIONAL SOURCES

**Business Rankings Annual.** (Reference HG 4050 .B88)

Published ranked lists of companies, products, services and activities, with the source given for each list. Arranged alphabetically by topic, with a name and subject index.

**Handbook of North American Industry.** (Floor 4 - HF 1746 .H37 1998)

Provides an overview of each economic sector for the U.S., Canada, and Mexico.

**Industrial Forecast: 1998-2000.** (Floor 4 - HC 106.82 .I53 1997)

Arranged by SIC code; provides 3 year forecasts for each economic sector and industry.

**Inside U.S. Business.** (Floor 4 - HC 106.8 .M337)

Covers 25 major industries and their leading firms; and a list of information sources.

**Market Share Reporter.** (Reference HF 5415.2 .M34 1997)

Compilation of market share data on companies, products, and services published or

**Mergent's Industry Review.** (Desk Reference HG 4961 .M6803)

Comparative financial and operating data and ratios for approximately 4,000 companies in 138 industry groups. Each review is updated twice a year.

## SPECIALIZED SOURCES

**Encyclopedia of Consumer Brands.** 3 vol. (Reference HF 5415.3 .E527 1994)  
Brand histories and trends for about 600 brands of consumable, personal, and durable products.

**Service Industries USA.** (Reference HD 9981.1 .S47 4th)  
Industry profiles of 150 industries, arranged by SIC code. Each profile, provides general statistics, indices of change, performance averages and ratios, lists leading companies, occupations employed within the industry, and geographic dispersion and concentration.

**Small Business Profiles.** (Reference HD 62.7 .S5935)  
For entrepreneurs, provides information on start-up costs and profitability, financing, location, facilities, selecting products, licensing, certification, and insurance requirements, personnel, marketing and advertising, outlook, and additional sources of information.

## IDENTIFY THE FIRM'S COMPETITORS

1. Identify industry leaders:

**Value Line Investment Survey.** (Reference HG 4501 .V26)  
Brief industry analysis with detailed financial data for key companies in the industry.

**Industry Surveys.** (Desk Reference HG 4905 .S64)  
Industry analysis, trends, information sources, and financial data for leading companies.

2. Identify many firms in the same industry:

**Million Dollar Directory.** Dun & Bradstreet. (Reference HC 102 .D8)  
Lists 160,000 U.S. firms, including SIC codes for major product lines. The Industry Cross-Reference volume lists all firms by primary and secondary SIC codes, permitting each firm to be listed under as many as six classifications.

**Standard & Poor's Register of Corporations, Directors and Executives.**  
(Desk Reference HG 4057 .A401)  
Lists over 55,000 firms operating in the U.S. providing principal product lines and SIC codes. Vol. 2 has a listing of SIC codes and index to firms by SIC code.

3. Identify other firms operating in the industry from the articles in the **Predicasts F&S Index**, volume 1, by SIC code.
4. Identify competitors of each firm or brand listed in a **Hoover's Handbook, Advertising Ratios & Budgets**, or the **Encyclopedia of Consumer Brands**.

## COMPETITOR ANALYSIS

Use the strategies and resources listed in the Milner Library guide **Research a Company** to obtain information about the competitors.

**10-K Reports.** (Online at <http://www.sec.gov/edgar/searchedgar/webusers.htm>)  
Each American company that issues stock must file a 10-K Report annually with the SEC. These reports contain narrative materials as well as detailed financial information.

## BUSINESS RATIOS AND NORMS

Business ratios and norms are used to compare a firm's operating results with competitors' and to identify strengths and weaknesses of the firm relative to its industry.

**Advertising Ratios & Budgets.** (Reference HF 5801 .A34 1991/98)

Provides advertising ratios for 5850 companies and compares the company's ad-to-sales ratio to the industry's ratio. Use to monitor competition and set advertising budgets.

**Almanac of Business and Industrial Financial Ratios.** (Desk Reference HF 5681 .R25 T68)  
Lists 24 key financial ratios for 180 industries based on IRS data.

**Business Profitability Data.** (Reference HD 2346 .U5 B88 1990)

Covers 294 types of small business, listing source and use of capital, sales and income, profitability versus assets, profitability trend and risks; arranged by type of business.

**Income/Expense Analysis.** Institute of Real Estate Management.

**Office Buildings.** (Reference HD 1394 .I53a1)

**Shopping Centers.** (Reference HF 5430.3 .I53)

Analysis of income and expenses for properties by selected cities, regions, and topics.

**Industry Norms and Key Business Ratios.** (Desk Reference HF 5681 .B2 I52)

Covers over 800 industries, by SIC code. Presents "typical" balance sheets and income statements for the industry and 14 key ratios for the median, upper, and lower quartiles.

**RMA Annual Statement Studies.** (Desk Reference HF 5681 .B2 R401)

Gives current and historical data for 370 industries collected from annual financial statements. Data is presented by size of firm in assets and sales. Lists additional data sources.

**Business Ratios.** (Online at <http://www.library.ilstu.edu/page/505>)

Web page in the Milner Library site, providing links to various electronic resources

**Analyzing Ratios.** (Reference HF 5681 .R25 V57 1983)

**Handbook of Business and Financial Ratios.** (Reference HF 5681 .R25 T97 1986)

**How to Read a Financial Report.** (Reference HF 5681 .B2 T733 1994)

**How to Use Financial Statements.** (Reference HF 5681 .B2 B285 1994)

Explain frequently used business ratios and their use in financial analysis.

## GUIDES TO INFORMATION SOURCES

**Business Information.** (Reference HF 5356 .L36 1992)

Five chapters of sources for company information with selected sample pages.

**Business Information Sourcebook.** (Reference Z 7164 .C8 B43 1991)

Bibliography of books, periodicals, government publications, and newsletters.

**Company Information.** (Online: <http://www.library.ilstu.edu/page/492>)

Web page in the Milner Library site, providing links to various electronic resources

**Industry Analysis.** (Online at <http://www.library.ilstu.edu/page/502>)

Web page in the Milner Library site, providing links to various electronic resources.

**GPO Monthly Catalog.** (Online)

Indexes U.S. government documents. Use to identify documents about an industry or firm.

## PERIODICAL INDEXES

### **ABI / Inform.** (Online)

This online index contains over 800,000 citations to articles on business topics from 1,000 US and international publications. The file is updated weekly and coverage is from 1971.

### **Academic Universe.** (Online)

Provides access to a wide range of news, business, legal, and reference information. Provides citations, abstracts, and full text.

### **Business Abstracts.** (Online)

Indexes over 300 periodicals in all aspects of business. Milner Library subscribes to most.

### **Business Source Elite.** (Online)

Covers 960 journals on all aspects of business and management, providing full text for many articles. Company Profiles section contains Datamonitor reports for thousands of companies.

### **Predicasts F&S Index.** Monthly. (Reference Z 7165 .U5 F2304)

The industry/product section is arranged by major industry groups using a modified SIC system. An alphabetical guide to SIC numbers appears at the front of the volume. The company section is arranged alphabetically. Each index contains information from hundreds of financial publications, business oriented newspapers, trade magazines, and special reports.

## PERIODICALS

### **Advertising Age.** Weekly. (HF 5801 .A276)

First January issue contains a review of the year and categories to watch in the coming year. Special issues cover particular industries and leading national advertisers.

### **Business Week.** Weekly. (HF5001 .B89 - most recent issues at floor 2 circulation desk)

### **Forbes.** Fortnightly. (HF 5001 .F6 - most recent issues at floor 2 circulation desk)

The first issue each January often ranks companies within industry groups.

### **AdWeek.** Weekly. (HF 5801 .A3401)

### **BrandWeek.** Weekly. (HF 5801 .A4302)

### **MediaWeek.** Weekly. (HF 5801 .M43)

Trade news publications featuring brief articles on advertising, marketing, and media. Covers leaders in the industry, market environment, advertising, and new products.