

How to Research a Niche Industry

1. Start by identifying the industry

- Use the Census Bureau's North American Industry Classification System (NAICS) website <https://www.census.gov/naics/?58967?yearbck=2022> (see pdf for screenshot)
- Identify whether the niche industry has an independent NAICS or if it's part of an aggregate NAICS that groups other small or niche industries together under one 6-digit code.
- An example of an aggregate NAICS is:
 - 423390 Other Construction Material Merchant Wholesalers, which combines niche industries that wholesale or distribute very specific products. Examples within this aggregate NAICS include wholesalers and distributors of awnings, fencing, ceiling tiles, glass blocks, and culvert pipes.

2. Enter the niche's NAICS code into VIQ's "Find an Industry" NAICS search

- Find the niche's parent industry and read that profile for a slightly higher-level view of the industry.
 - The parent industry will have a 4- or 5 digit-NAICS code.
 - For example: the parent of NAICS 423390 is NAICS 4233 Lumber and Other Construction Materials Merchants, which matches Vertical IQ's Building Materials Distributors industry profile.

3. Search online using "[Industry name] trends" and [Industry name] risks"

4. Search online for how to start a business in this niche

- In your browser, type "how to start a [industry name] business"
 - This typically yields information from a variety of sources on the steps to take to start a business, average startup costs, machinery or equipment prices, special licenses or certifications needed, and factors to assess such as demand, competition, barriers to entering the industry, and skilled labor availability.

5. Search online for the niche industry's trade associations and publications

- In your browser, type "[industry name] association" or "[industry name] magazine"
- View the websites of these associations and magazines for industry reports, news, and research that helps you better understand the niche and find information to share with your client.
- Also view the Web Links chapter of the parent industry profile for websites that "umbrella" the niche.

Contact customer support at Vertical IQ for further assistance: <https://verticaliq.com/about/contact-us/>



Identify the potential challenges your clients may face when starting or growing a business within a particular niche

- Identify publicly traded companies in the industry and read their annual 10K SEC filings, focusing on Risk chapters.
- Look at monthly and annual revenue and employment figures from government sources to identify cyclicity and seasonality
 - How does the industry fare during recessions?
 - Does the industry have seasonal spikes or troughs in demand, production, or workforce?
 - How volatile is the cost of materials for the industry?
- Identify regulatory or environmental pressures that the industry faces
- Use financial benchmark data and forecast

>> For more information on how Vertical IQ's Industry Intelligence can help you navigate and understand particular niche industries, visit our Industry List page for free access to our Industry Overviews, Forecasts, and more: <https://verticaliq.com/industry-list/>

