

Market Share for Niche & Local Markets

Market share is the holy grail of competitive intelligence. If we know the total revenues for our industry and how much of it belongs to each of our competitors, we not only have significant information about our market but we gain an idea of what we might expect our share to be.

Market share is a premium statistic and reliable numbers can be elusive. Trade magazines, market and analyst reports, and sometimes companies themselves report share data. Every source requires close scrutiny as to how it defines and calculates market share. Company sales as a percentage of total industry sales may work fine if the numbers are broken out by product or service. Total sales of a highly diversified company are not much help for measuring market share of a single product line. When a company declares that it has 60% of the market, we must ask for what products and in what geographic area.

Most companies are small with local niche markets. Published national market share data may be of little use other than as a benchmark. A "home grown" market share calculation using a database of companies that includes estimates of sales revenues for each location within the boundaries of small local markets can be a useful indicator of market share distribution.

Research Wizard uses **MDDI Global Reach** database published by Dun & Bradstreet and Reference USA's **U.S. Businesses** database. Both contain records of most U.S. companies regardless of size. Separate entries are provided for each location, along with sales figures and product descriptions. Complete company records are easily downloaded into Excel spreadsheets. From there they can be sorted, summed and analyzed for market share intelligence. Below is an example of market share calculation using these resources.

Top Ten Tulsa Retail Bakeries

Company	Sales (\$)	%
Panera (St Louis Bread Co)	\$5,360,000	18.1%
Daylight Donuts	\$3,528,000	11.9%
Merritt's Bakery	\$2,414,000	8.1%
Krispy Kreme Doughnuts	\$2,240,000	7.6%
Wonder Bread Hostess	\$2,130,000	7.2%
Sam's Club Bakery	\$1,136,000	3.8%
Ann's Bakery	\$923,000	3.1%
Farrell Family Organic Bread	\$923,000	3.1%
Great Harvest Bread	\$852,000	2.9%
Mexican Bakery Of Tulsa	\$852,000	2.9%
Total Share of Top Ten Bakeries:		68.7%

National Market Share Analysis

Even when your market is local, it is helpful to know about the characteristics of your industry in broad terms.

First Research provides an excellent overview of and insight into market details for more than 700 different kinds of business.

Here are opening words from **First Research's** report on market dynamics for bakeries.

The US bakery industry includes about 2,800 commercial bakeries with combined annual revenue of about \$30 billion, along with about 6,000 retail bakeries with combined annual revenue of about \$3 billion.

Major companies include Hostess Brands and Flowers Foods, plus the US operations of Mexico's Grupo Bimbo.

The **commercial** side of the industry is **concentrated**: the 50 largest companies generate 75 percent of revenue.

The **retail** side of the industry is **highly fragmented**: the 50 largest companies generate about 15 percent of revenue, and the typical company operates just one facility.

(from **First Research** report on bakeries, 2011)

Source: Reference USA U.S. Businesses Database, 2011
(Sales are estimated. Includes locations within the city of Tulsa.)

Some Conclusions:

Tulsa's bakery market, like the nation's, is fragmented. Total estimated revenues of \$29,654,000 are shared by 49 companies having a total of 84 locations. Just 16% of the companies have multiple locations. Fragmented markets may be easier to enter, but revenues are likely to be modest.

Research Wizard has the resources to help you discover your industry's market share dynamics.

Research Wizard Business Intelligence Brief

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