



## Using Demographics in Business Brokerage

In the marketing of a business, most business brokers prepare a business profile, book, certified business review, or some sort of a written document that provides detailed information on the business for sale. As the years have gone by, I have omitted certain items and added others to the standard business write up, I prepare. In recent years, I have started including detailed demographic information. I have found that I can effectively make a good case for the geographical location, and continued success of the business based upon market area demographics.

Demographics are basically population statistics with regards to socioeconomic factors such as age, family size, gender, income, occupation, education, etc. Identifying the demographic groups that will purchase the products and services of a business can mean the difference between success and failure of a business.

There are numerous free and fee based sources that provide demographic data. The US Census Bureau is probably the largest compiler and publisher of demographic data <http://www.census.gov/compendia/statab/index.html>. Many of the fees based services are merely “repackaging” the census data. However, there are some services that provide excellent search capabilities, mapping, and various options for breaking the information down and presentation formats. As a member of the CCIM Institute, the service I use is Site to Do Business

[http://www.stdb-seesamples.com/demographic\\_reports.html](http://www.stdb-seesamples.com/demographic_reports.html)

I use demographic information in a number of ways but two main applications are:

Analyzing the business prior to taking the listing. If the demographics in the business' market area are not reflective of their defined customer, the business may have a limited chance of success. For instance, the number one customer for mini storage units is renters. If there are very few apartment complexes, or the market area has a high homeowner rate, the number of particular individuals needing to rent a mini storage unit may be very low. Therefore, I may choose not to list the business because it may difficult or impossible to sell.

In the “Business Review” I include detailed demographics for a 1, 3, and 5 mile radius of the business. I highlight the business' definition of “target customer” and emphasis the demographic data to support a high “target customer” base in the market area.

I utilize demographics on every business listing and feel the use of demographics has aided me in closing more transactions. Understanding and making application of demographics is just another professional way, we as business brokers, can provide knowledgeable service to business owners and buyers.