



Secondary Market Research Tutorial – Getting To Know Your Industry Module 3: Planning Your Industry Research

Using NAICS Codes to Identify Your Industry

1. NAICS codes explained

When you start your secondary market research, it may not be clear what specific industry you should be examining. A good strategy is to find out if your business idea is classified in an industrial classification system. These systems organize industries by assigning them a numeric code.

NAICS is the North American Industry Classification system, co-developed by U.S., Canada, and Mexico. NAICS is based on a production-oriented or supply-based conceptual framework in that establishments are grouped into industries according to similarity in the production processes used to produce the goods and services.

The structure of NAICS is hierarchical. It is composed of sectors (two-digit codes), subsectors (three-digit codes), industry groups (four-digit codes), and industries (five-digit codes).

Adapted from: <http://www.statcan.gc.ca/eng/subjects/standard/naics/2012/introduction>

2. Finding your industry’s NAICS

On the [North American Industry Classification System \(NAICS\) Canada 2017](#) page, search for your idea or industry’s NAICS by adding descriptive terms to the search bar, or browse the NAICS structure by clicking on a two-digit number that matches the high-level industry you think you should investigate.

North American Industry Classification System (NAICS) Canada 2017				
North American Industry Classification System (NAICS) Canada 2017	Introduction	Definition of superscripts	Hierarchical structure	Preface
Classification structure				
<input type="button" value="Display definitions"/>				
Code	Sector			
11	Agriculture, forestry, fishing and hunting			
21	Mining, quarrying, and oil and gas extraction			
22	Utilities			
23	Construction			
31-33	Manufacturing			
41	Wholesale trade			
44-45	Retail trade			



You may be able to determine clearly where your business falls, or not. You may be able to determine a primary industry, or you might find it beneficial to look at multiple industries. For example, bakeries could fall under 311811 Retail bakeries, 445291 baked goods stores, or 722512 limited service eating places – depending on your idea.

Other examples:

A gas station and convenience store could fall under retail, snacks & beverages, gasoline stations.

A graphics consultant might find useful information in industries such as graphic design services, independent visual artists, even professional scientific and technical services.

3. Using NAICS codes to search for information

You can use the NAICS code in search engines or databases to find reports and other information, if it's been categorized with a NAICS.

You could also add a geographic term to your search; however, be aware that sometimes, databases may classify information that is relevant to your purpose under a different NAICS or even a different classification system. Try also using the title of the industry to search.

4. Limitations of NAICS

Some ideas won't be found in industry definitions, or may cross several industries. For example, if you were looking for information on mobile application for payment transactions, the closest NAICS code is 511211 Software Manufacturing, as well as 522320 Financial Transactions Processing, Reserve, and Clearinghouse Activities.

A term like "Apps" is too broad, and therefore not useful for searching. Part of your search strategy will be discovering different ways secondary data is stored and organized, and combining search terms and NAICS codes to find the next best sources of information.

For more information about NAICS and other industry classification systems, see:

Phillips, R. L., & Ormsby, R. (2016). Industry classification schemes: An analysis and review. *Journal of Business & Finance Librarianship*, 21(1), 1-25.
<https://doi.org/10.1080/08963568.2015.1110229>