

How to Use NAICS & SIC Codes for Marketing

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Before we get started. The Boring Stuff

What Exactly Are NAICS & SIC Codes?

• The Standard Industrial Classification (SIC) was originally developed in the 1930's to classify establishments by the type of activity in which they are primarily engaged. The purpose of this task was to promote the comparability of establishment data to describe the US Economy.

The North American Industry Classification System (NAICS) was established in 1997 to replace the no longer sufficient SIC system. Developed in coordination with the statistical agencies of Canada and Mexico, NAICS establishes a North American Standard that allows for a high level of comparability in business statistics among the three countries. It is the first economic classification system to be constructed based on a single economic concept.

What's the Difference??

The NAICS Code was developed to eliminate the inconsistent logic utilized in the SIC system and to increase specificity from the 4 digit SIC system by creating a 6 digit NAICS code. While the NAICS system utilizes a purely production oriented structure identifying businesses only by their primary economic activity, the SIC system moves from production-oriented logic to market oriented logic throughout its structure. This inconsistency is likely attributable to the many revisions made throughout the years to a system whose founding documents are lost to history. Some markets may prefer the representation of their industry within the SIC system, and SIC is still widely used by Marketers for those companies that have established marketing plans based on the market-oriented structure of the SIC code for their industries.

How Do NAICS & SIC Codes Relate to My Marketing Initiatives?

Industry Targeting: The first and most obvious use of NAICS & SIC codes is that they allow you to target your marketing to specific industries.

Market Segmentation: You may have an idea of who your ideal customer is. With Market Segmentation by NAICS or SIC code, you can determine which of those industries best represent your ideal customers.

Identify Potential New Markets: Did you know that the first two digits of a NAICS or SIC code is an industry title? You can use this number to find similar lines of business to those you already serve!



Manually Determining the Codes for the Industries to Whom you Market

• NAICS KEYWORD SEARCH: It really doesn't get much simpler than a keyword search. Go to http://www.naics.com/naics-identification-tools-lookups-search/

Search: Result:

NAICS Search		
Enter a Keyword or a NAICS Code. <u>Tips for our Keyword Search</u>		
apartment manager	NAICS Search	

NAICS Title	NAICS Code
Residential Property Managers	<u>531311</u>

TIP! Click the NAICS Title to Find Related Codes!

SIC TABLE SEARCH: Find the SIC Search Table at the bottom here. - Select the Industry title or code heading to find more detailed categories in that industry.

arch SIC Codes by Industry arn about our <u>NAICS and SIC Lists, Targeted Marketing Lists, NAICS & SIC Append</u> and <u>Data Validation Services</u> .		
Code	Industry Title	Count *
01-09	Agriculture, Forestry & Fishing	879,976
<u>10-14</u>	Mining	40,167
<u>15-17</u>	Construction	1,793,980
<u>20-39</u>	Manufacturing	786,993
40-49	Transportation, Communications, Electric, Gas & Sanitary Services	880,164
<u>50-51</u>	Wholesale Trade	936,035
<u>52-59</u>	Retail Trade	2,979,158
<u>60-67</u>	Finance, Insurance & Real Estate	1,703,725
<u>70-89</u>	Services	10,577,481
<u>91-99</u>	Public Administration	6,905,776



Appending NAICS & SIC Codes to Customer Lists & Batch Files

This is the best option for marketers and businesses with large databases of business clients. While you can search the codes easily for your ideal customers, applying this to a large database can be a daunting task. The NAICS Association offers an affordable alternative to self-assigning hundreds (if not thousands) of NAICS codes to your current customer database.





The Business-Data Experts at the NAICS Association can quickly and efficiently append NAICS & SIC Codes & Descriptions to your current customer database.

- © CALL (973) 625-5656
- E-mail <u>Appends@NAICS.com</u>
- Fill Out the Contact Form.

Don't Double-Dip! Create a Customer Suppression File

• Chances are, you are appending NAICS & SIC codes to your current customer database for the purpose of developing and purchasing a targeted marketing list.

Because your current customers are being used to determine where to find your next set of customers, chances are, you could end up paying for names that are already in your database.

E Dan't pay for data you already have!

Be sure to ask the Business Data Experts at NAICS Association to create a Customer Suppression file to use for your future targeted list purchases!



Using NAICS & SIC Codes for Targeted Business List Creation

NAICS & SIC Codes provide the simplest and most effective means for identifying lines of business.



The most important aspect of any campaign, from telemarketing to email, is to target only ideal prospects. Small businesses across the nation waste thousands of dollars a year with ineffective and ill-targeted marketing. Identifying the NAICS Codes for your ideal business leads can protect you from becoming just another statistic.

At this stage, you have used the <u>FREE NAICS SEARCH TOOL</u>, the <u>SIC Table</u>, or the NAICS Association's <u>Data Append Service</u> to Enhance your current customer database with NAICS & SIC Codes and Descriptions.

The First Step in Building Your Targeted List...

*Businesses named in this list are imaginary. Any similarity to existing companies is not intentional.

A (Ideal Customers)

- •QZ Construction Co, NAICS Code: 238160
- •Builder Bros LLC, NAICS Code: 238170
- •IndusCo, NAICS Code: 236210
- •Cinemasters Co, NAICS Code: 236220

B (2nd Best Customers)

- CozyStayRs, NAICS Code: 531120
- •StoreNMore Inc: NAICS Code: 493110
- SafRStorage, NAICS Code: 493110
- •Town Build USA: NAICS Code: 236117

C (Good Customers)

- Manage Rite: NAICS Code: 531312
- TriCounty U-lock, NAICS Code: 531130
- •WeStore, NAICS Code: 493110
- MobaLive LLC: NAICS Code: 531190

F (Not Worth Duplicating)

- •Sunrise Tidal, NAICS Code: 221118
- Farm Stay Inc, NAICS Code: 493130
- •Corra Industries, NAICS Code: 493190



Segment Your Customer File. We recommend keeping your segmentation scheme simple. In this example, we have assigned a grade to the customers based on their closed-business and profit values.

Ref. Image A



Using NAICS & SIC Codes for Targeted Business List Creation

Step Two: Identify the most prevalent NAICS Codes in Your List

For Those Marketers who Simply want to Duplicate their Past Successes, this may be the Last Step in your Journey. Once you have identified what your best and ideal customers look like, you can Request a List Quote from the NAICS Association. You can then Target Your List Further by Geography, Annual Sales, Number of Employees or by Dozens of Other Popular Selects. Not Sure About the Size and other Defining Characteristics of Your Current Best Customers? The NAICS Association can Append Full Marketing Records & More to Your Current Customer Database. Call (973) 625-5656 Call or Visit Our Database Append Services Page for More Info!!

A (Ideal Customers)

- •QZ Construction Co, NAICS Code: 238160
- •Builder Bros LLC, NAICS Code: 238170
- •IndusCo, NAICS Code: 236210
- •MF Building Co, NAICS Code: 236210

B (2nd Best Customers)

- •CozyStayRs, NAICS Code: 531120
- StoreNMore Inc: NAICS Code: 493110
- •SafRStorage, NAICS Code: 493110
- •Town Build USA: NAICS Code: 236117

C (Good Customers)

- Manage Rite: NAICS Code: 531312
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- •Farm Stay Inc, NAICS Code: 493130
- •Corra Industries, NAICS Code: 493190

TIP Be sure to look out for 3

and 4 digit prevalent code headings as well!

- Most Prevalent 2 digit NAICS Codes in this list: 23, 49,53
- Most Prevalent 3 Digit NAICS Codes in this list: 531, 493, 238, 236
- Most Prevalent 4 digit NAICS Codes in this list: 2362, 4931, 2381, 5311, 2362
- Most Prevalent 6 digit NAICS Codes in this list: 236210, 493110
- NAICS Codes to Exclude from your list: 221118, 493130, 493190

Ref. Image A₂



How to Discover New Potential Markets With NAICS & SIC Codes

Step Three: Expand Your Industry Search Using NAICS & SIC Codes

The beauty of the NAICS and SIC systems is their ability to clearly identify similar lines of business. Every marketer knows that their best prospects are those whom are most similar to their best customers. You can determine which industries have these same basic needs by searching their "code cousins".

In the Previous Example on Page 7, we identified the most prevalent codes in an imaginary company's customer database:

- Most Prevalent 6 digit NAICS Codes
 in this list: 236210, 493110
- Most Prevalent 4 digit NAICS Codes in this list: 2362, 4931, 2381, 5311, 2362
- Most Prevalent 3 Digit NAICS Codes in this list: 531, 493, 238, 236
- Most Prevalent 2 digit NAICS Codes in this list: 23, 49,53
- NAICS Codes to Exclude from your list: 221118, 493130, 493190

To Search for Related Industries, start with the longer sub-codes.

Observing Image A_2 (page 7) we can see that two of the company's best clients have the NAICS Code: 236210" For this Example, we will begin with searching "2362" with the NAICS Search Tool

NAICS Search	
Enter a Keyword or a NAICS Code. <u>Tips for our Keyword Search</u>	
2362	NAICS Search

Result:

NAICS Title	NAICS Code
Industrial Building Construction	236210
Commercial and Institutional Building Construction	236220

We've Discovered an Industry with Similar Needs!

Let's hop over to the next page and expand our search...



How to Discover New Potential Markets With NAICS & SIC Codes

Expanding your search for cross-over industries and New Potential Markets

NAICS Title	NAICS Code
New Single-Family Housing Construction (except For-Sale Builders)	<u>236115</u>
New Multifamily Housing Construction (except For-Sale Builders)	<u>236116</u>
New Housing For-Sale Builders	<u>236117</u>
Residential Remodelers	236118
Industrial Building Construction	<u>236210</u>
Commercial and Institutional Building Construction	236220
Water and Sewer Line and Related Structures Construction	237110
Oil and Gas Pipeline and Related Structures Construction	237120
Power and Communication Line and Related Structures Construction	237130
Land Subdivision	237210
Highway, Street, and Bridge Construction	237310
Other Heavy and Civil Engineering Construction	237990
Poured Concrete Foundation and Structure Contractors	238110
Structural Steel and Precast Concrete Contractors	238120
Framing Contractors	238130
Masonry Contractors	238140
Glass and Glazing Contractors	<u>238150</u>
Roofing Contractors	<u>238160</u>
Siding Contractors	<u>238170</u>

So far, we've determined the NAICS Codes for our imaginary company's best and ideal clients. In our last search, we discovered an industry with similar needs by searching the 4 digit code heading of our ideal client.

Let's Expand Our NAICS Code Search to the 2 digit code heading for our best clients:

NAICS Search		
Enter a Keyword or a NAICS Code. <u>Tips for our Keyword Search</u>		
23	NAICS Search	

← RESULTS

We can see that some of these categories don't match our theme of businesses involved in construction and expansion of buildings...

BUT: We can see that Other Heavy and Civil Engineering Construction (247990), New Single Family Housing Construction (236115), Multifamily Housing New Construction (236116), New Housing For-Sale Builders (236117),and Residential Remodelers (236118) all fit the bill!



Valuable Take-Aways & Additional Resources

You've Learned How to:

- Determine the NAICS & SIC Codes for a Line of Business by using the Free Tools at www.NAICS.com
- Manually Search for or Batch Append NAICS & SIC codes to Your Current Customer Database, and How to Create a Customer Suppression File.
- How to Segment Your Current Customer Database to Determine Your Best Target Market
- How to Use NAICS & SIC Codes to Identify other Relevant Lines of Business for Your Marketing Efforts

More Resources

More Whitepapers from NAICS Association

Counts Central at NAICS.com

The Business Data Blog by NAICS Association

NAICS Association FAQ

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