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Canadian Industry Research

North American Industry Classification System

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Industry Classification Systems attempted to categorize all types business into a standard numerical classification. The principle industry classification system in use in Canada today is the North American Industry Classification System (NAICS)

Prior to the introduction of the NAICS, the U.S. and Canada maintained different industry classification systems. In 1997 Canada, U.S. and Mexico agreed on a standard classification for the continent. The system has under gone a number of minor revisions since then.

Although all industry classification systems are different they all follow the same basic structure. The first digit(s) indicate a major industry grouping. Each successive digit then defines the industry more precisely until finally a very specific business type is identified. For example in the NAICS:

- 71** - identifies Arts, Entertainment and Recreation
- 713** - identifies Amusement, Gambling & Recreation
- 7139** - identifies Other Amusement & Recreation industries
- 713950** - Bowling Centre

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To find your own NAICS classification go the [NAICS section](#) of the Statistics Canada web site. Under the [Standard Classification](#) section you can choose to either [keyword search](#) or [browse by sector and then subsector](#) as in the above example. The keyword search function allows you to search either by industry heading and description or by example activities. For first time users you are probably best to start with the example activities.

For definitions from other older classification systems see:

[1980 Standard Industrial Classification - E](#)

[1980 Standard Industrial Classification - C](#)

Also see the [Concordances of NAICS to other industry classifications](#)

It should be noted that many private sector firms (especially mailing list companies) still use the old American SIC system. This classification system is different from the Canadian SIC and the NAICS. For a list of headings and definitions see the [US Department of Labour web site](#)


While the NAICS and the older classification systems are comprehensive it is impossible for them to identify every individual business with its own unique classification code. If you find your business does not fit neatly into one category, consider the performance of all the industries that your company might be categorized in. Also consider the performance of the larger sectors to which you belong.

For statistical purposes, Statistics Canada categorizes companies according to the business activity that generates 51% or more of total revenue. If you sell a variety of products or services, your most appropriate industry grouping is the one that represents the majority of your revenue generation.

Most of the references in the [Industry Sources Research Guide](#) are organized by the NAICS. The primary reason for knowing your NAICS code is so that you can access Industry Ratios. These help you to understand the overall performance of your peers and know where your business is out-performing and under-performing.

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