

# Assignment of SIC & NAICS Codes

Infogroup's U.S. and Canadian Business Databases are organized according to the U.S. Government's Standard Industrial Classification (SIC) Coding system that categorizes businesses by general business activity. This four-digit numerical scheme is managed by the Office of Management & Budget and was last revised and published in 1987. Infogroup has integrated this scheme into its primary industry classification system, adopting it to meet the needs of its customers through the addition of two numerical digits which allows for granularity and the creation of emerging categories which might not have existed in 1987. For example, Infogroup SICs have been created to represent Electric Charging Stations and Marijuana Dispensaries.

Infogroup maintains 17,000 business category titles (primarily based on Yellow Page headings) which net into 10,500 unique 6-digit SIC codes. An additional Franchise Code can also be included to further identify product brands, professional specialties and major chains; 3,700,000 records have this additional depth.

The following is an example:

4 Digit SIC Code (Government)	Government Description
SIC – 5511	Motor Vehicle Dealers

6 Digit SIC Code (Infogroup)	Infogroup Description
SIC – 551102	Automobile Dealers-New Cars
SIC – 551103	Automobile Dealers-Used Cars
SIC – 551104	Four Wheel Drive Vehicles
SIC – 551105	Truck Dealers

Approximately 72% of all businesses in the Infogroup database will have only one SIC code. Where businesses have more than one SIC code, the primary SIC code is confirmed through telephone verification. An internal model assigns a primary SIC code where a verified primary SIC code is not available.

## What determines how SICs are assigned?

The primary determinant of SIC assignment is Yellow Page heading from local phone directories. In addition to the categorization being self-reported, this source also offers excellent coverage, is regularly refreshed, and is for public consumption. Our 6-digit SIC-based coding offers a suitable match for any and all Yellow Page headings, and can be expanded to account for new headings and industries.

Categorization can also be obtained through other sources, which is important to note as not all records on the Infogroup Database can be found in the phone book. We will also accept industry assignments through:

- Telephone Verification – Infogroup will also verify or ask for the primary line of business during our phone verification.
- Express Update – Companies can log in to [ExpressUpdateUSA.com](http://ExpressUpdateUSA.com) and claim their record. Once they qualified as a contributor, the business owner may update their listing or listings with an industry categorization among other attributes which are important to them, at no cost. Because of the high quality of this source, Infogroup considers this data even before the Yellow Pages.

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- Corporate Families – To reflect consistency within company profiles and segmentation, Infogroup will assign SICs based upon a company’s corporate affiliation. All Pizza Hut locations will have an SIC for Pizza and another for Restaurants.
- Web Mining – The accuracy of a source’s business categorizations is researched prior to accepting. If it doesn’t meet our standards, we rely on internal assignment based off company name.
- New Business Sources – From public filings such as DBA registrations, incorporations, and licenses registered through Secretaries of State, City/County Clerks Offices, and other government offices.
- Publications – Trade journals, newspapers, press releases
- User Feedback – Our data partners (local web search, navigation) and the users of their data have a direct channel to our Content Feedback team. Requests for additions and changes are phone verified with the company before being applied.

## The introduction of NAICS codes

Beginning in January of 1997, the statistical agencies of the United States began replacing the SIC system with the North American Industry Classification System (NAICS). Whereas the SIC system classified businesses based on the products or services they produced, NAICS classify businesses based on the *processes* used to create the products or services. Created in cooperation with the governments of the United States, Canada and Mexico, NAICS allow statistical agencies from each respective country to produce and compare productivity, costs, employment and other data across borders. A refreshed coding scheme is released by the federal government every five years. As of January 2017, Infogroup Databases are enhanced with the 2017 release of NAICS.

NAICS recognizes the changing and growing importance of service-based enterprises and groups the economy into over 1,170 industries (of which 565 are service related) in 20 broad sectors (of which 16 are service related). NAICS is a six-digit system in which the first five digits are common among the three participating countries. The sixth digit allows each country to recognize activities that are important within their border, but not necessarily important to the other two.

For more granular industry types, Infogroup has added two additional digits to the NAICS codes. Here’s how the NAICS enhancement process works:

6 Digit NAICS Code (Government)	Government Description
NAICS – 722511	Full-Service Restaurants

8 Digit NAICS Code (Infogroup)	Infogroup Description
NAICS – 72251101	Chow Mein & Chop Suey
NAICS – 72251102	Box Lunches
NAICS – 72251103	Chicken Dinners
NAICS – 72251104	Chili Parlors

# Assignment of SIC & NAICS Codes

To ensure that Infogroup will be able to continue to provide the products and services our customers demand, Infogroup maintains a conversion file that allows our customers to have both SIC and NAICS codes. Thus, whether you require NAICS codes, SIC codes, or both, Infogroup has a solution and will continue to maintain both coding systems well into the future.

Here's how the conversion of NAICS to SIC works:

NAICS – 72251101	SIC 581232	Chow Mein & Chop Suey
NAICS – 72251102	SIC 581215	Box Lunches
NAICS – 72251103	SIC 581211	Chicken Dinners

## Real World Quality

Infogroup strives for high quality across all of our attributes but we find that the accuracy associated with our industry codes is paramount to most users of our data. Line of business is a key descriptor for most applications of our data. In a recent competitive analysis performed by an independent research firm, Infogroup scored 92.3% accurate for line of business specifically versus 85.5% for our closest competitor. This audit randomly selected 114 ZIP codes using a 99% confidence level and a 2.5% margin of error.

Description	Infogroup	Company A	Company B	Company C
Company Name Accuracy	95.4%	93.0%	94.2%	88.8%
Address Accuracy	92.9%	91.2%	91.0%	92.3%
Phone Number Accuracy	94.3%	92.3%	90.2%	92.6%
<b>Primary Industry Accuracy</b>	<b>89.6%</b>	<b>78.0%</b>	<b>73.9%</b>	<b>65.9%</b>
Contact Name Accuracy	88.0%	74.3%	77.4%	82.0%
Employment Size Accuracy	66.7%	42.9%	46.0%	62.9%
Website Accuracy	76.2%	73.7%	n/a	77.4%
Deliverability	90.2%	89.4%	90.4%	91.0%
Out of Business Rate	5.9%	9.6%	9.3%	8.0%