



# THE STATE OF E-COMMERCE IN CANADA

## CIRA Internet Factbook

March 2016



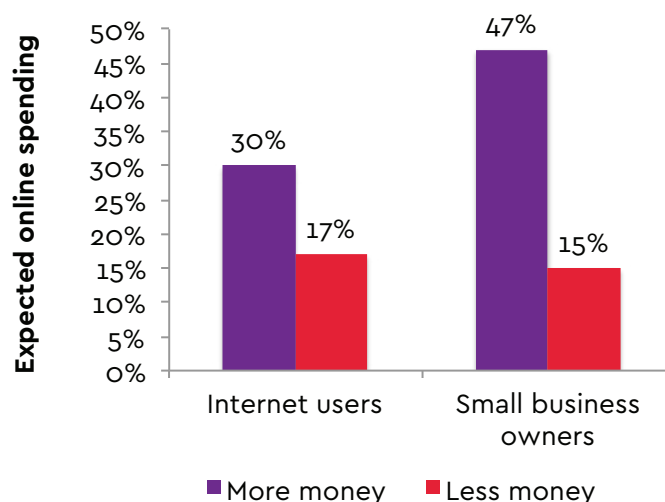
The retail sector in Canada is undergoing a transformation. While e-commerce continues to grow, it would be overly simplistic to assume this is happening at the expense of traditional retail. In many cases e-commerce has been added to the traditional retail experience – creating new digitally-enabled shopping experiences. One thing is certain: electronic commerce is here to stay and small businesses need to adapt quickly to ensure they get their fair share of this rapidly growing opportunity.

## EXPECTED SPENDING ONLINE

Canadians have embraced electronic commerce and plan to continue to spend dollars online. [Forester research](#)<sup>1</sup> has predicted that Canadians will spend \$39 billion online by 2019, representing 9.5 percent of all retail purchases in Canada. Statistics Canada's data (in their most recent data on the topic) reports that Canadian companies sold more than \$136 billion in goods and services online in 2013, up from \$122 billion a year earlier.

## SEIZING THE OPPORTUNITY OF E-COMMERCE

The 2015 CIRA Internet Factbook reported that Canadian small businesses were still lagging in their adoption of Internet technology and that over 40 percent of Canadian small businesses still did not have a website. CIRA's Internet tracking research has found that there could be serious business implications to this lack of a digital presence.



*CIRA Internet tracking study/Strategic Counsel*

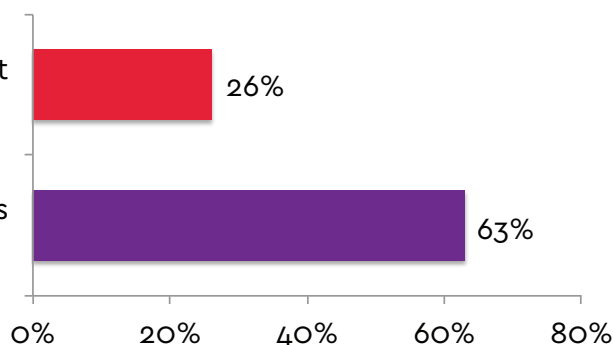
In a competitive market, a website is an important asset in helping customers learn about a company and build trust.



I don't trust businesses that do not have a website.



Having a website makes a business look more credible.



*CIRA Internet tracking study/Strategic Counsel*

## 🍁 What are Canadians buying online?



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The growth of e-commerce is coming not only in the volume of purchases, but also the breadth of goods and services that Canadians are purchasing. Canadians report purchasing clothing (**42%**) and travel (**40%**) online in large numbers. Media sales are also popular online, with many respondents making purchases of books, music, apps, and show tickets.

## Small business owners' online purchases

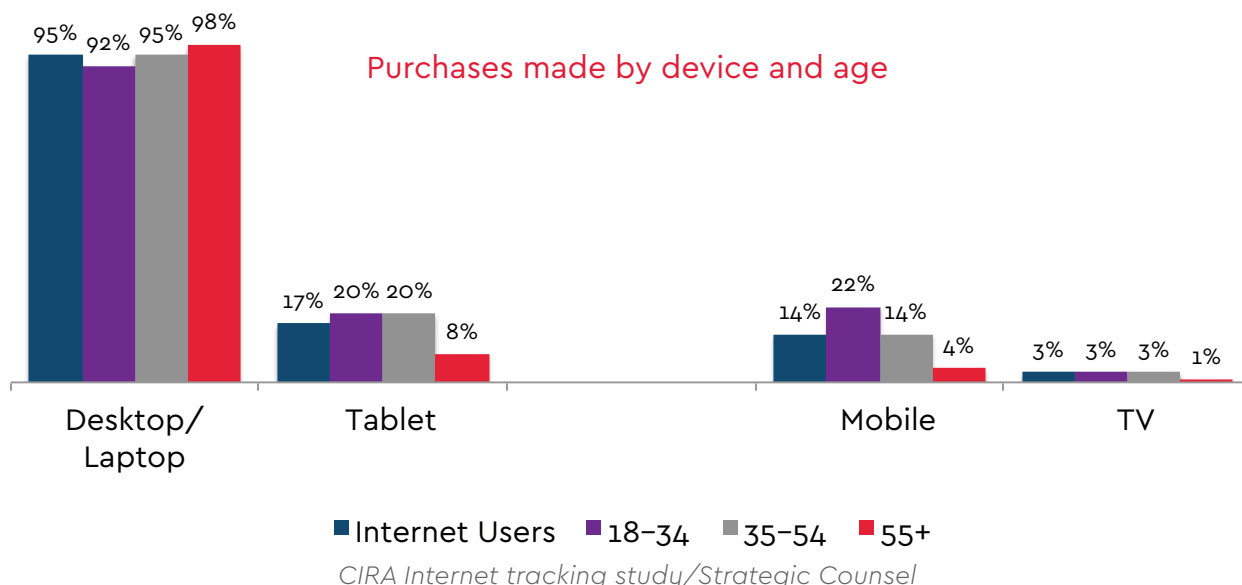


*CIRA Internet tracking study/Strategic Counsel*

Virtually all (**95%**) of Canadian small business owners report making online purchases. Large numbers of business owners are opting to purchase their travel online (**61%**) and business owners are more likely to access government services (**37%**) or office supplies (**34%**) online.

## E-COMMERCE IN A MULTI PLATFORM WORLD

The majority of online purchases are made from desktop or laptop computers. However, more than one fifth (**22%**) of 18–34 year olds reports are making a purchase from a mobile devices and significant numbers of those 18–54 years old report making purchases from a tablet (**20%**).



This confirms a trend [reported by Canadian e-commerce giant Shopify<sup>2</sup>](#). In April of 2014, they analyzed 100,000 Shopify stores and reported that for the first time more than half of the sales on the Shopify platform came from mobile devices.

## THE HYBRID NATURE OF ONLINE COMMERCE

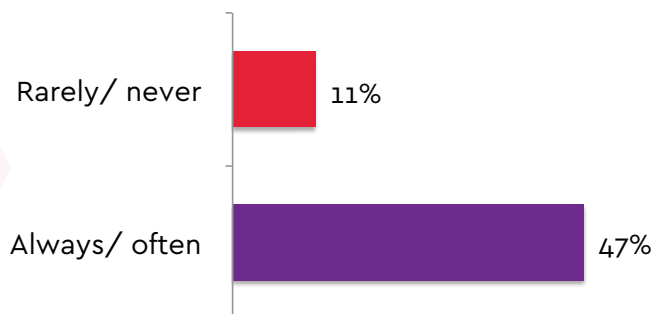
CIRA's research points to the emergence of some hybrid models of e-commerce that create interesting business models for Canadian retailers. Retail giants like Indigo or the Hudson's Bay Company are expanding their e-commerce activities. Indigo Books and Music [reported 17.9 percent growth in online sales<sup>3</sup>](#) for its third quarter of 2016. Similarly, HBC has reported a **35 percent** increase in online sales for the quarter ending January 31, 2016. It also completed its acquisition of Gilt, an online fashion deal site, for \$250 million. Enabling a traditional retail experience with digital technology is inline with what consumers are expecting. Consumers are empowered through online resources and actively use the Internet to research their purchases. However, most are still committed to spending dollars in physical stores. It is far more common for shoppers to research purchases online and purchase in store, as opposed to researching in shops and purchasing online.

### E-commerce with a boutique footprint

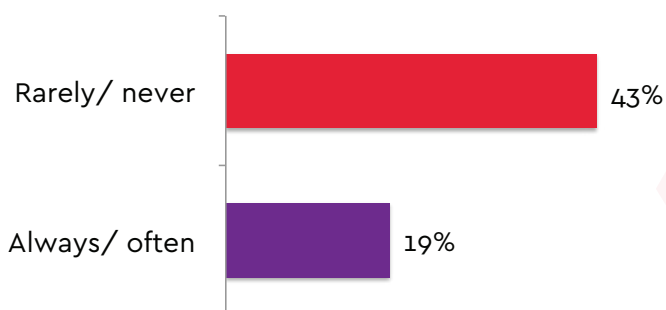
Canadian fashion retailer Frank and Oak launched with an innovative model of membership-based e-commerce. They have since opened boutiques in high-profile Canadian retail locations, including Toronto's Queen Street West and Montreal's Mile End neighborhoods. Most recently, the Frank and Oak team have inked a [deal for key locations<sup>4</sup>](#) from commercial real estate developer Cadillac Fairview.

## THE HYBRID NATURE OF ONLINE COMMERCE

**"I often research and compare products online, but go to a store to make purchases."**



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**"I often visit a store to browse, but make purchases online."**

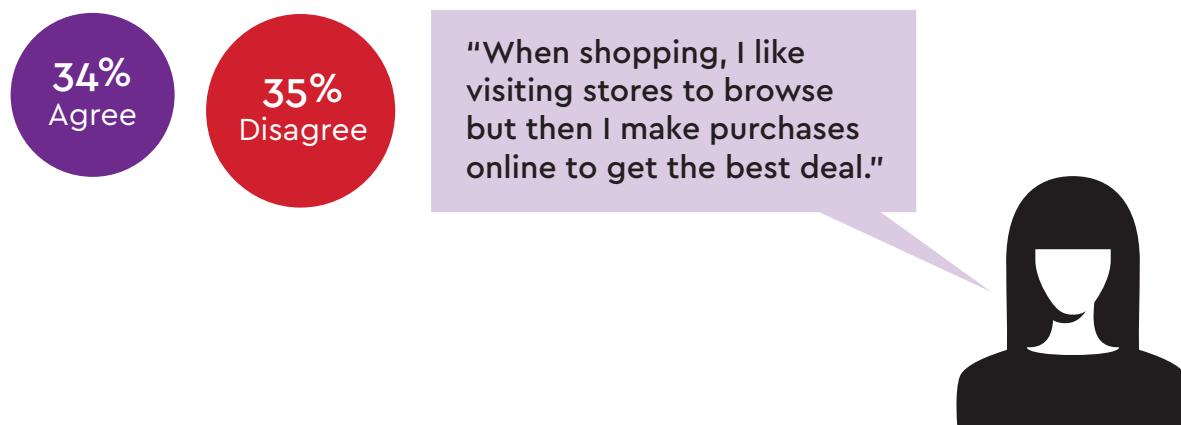
*CIRA Internet tracking study/Strategic Counsel*



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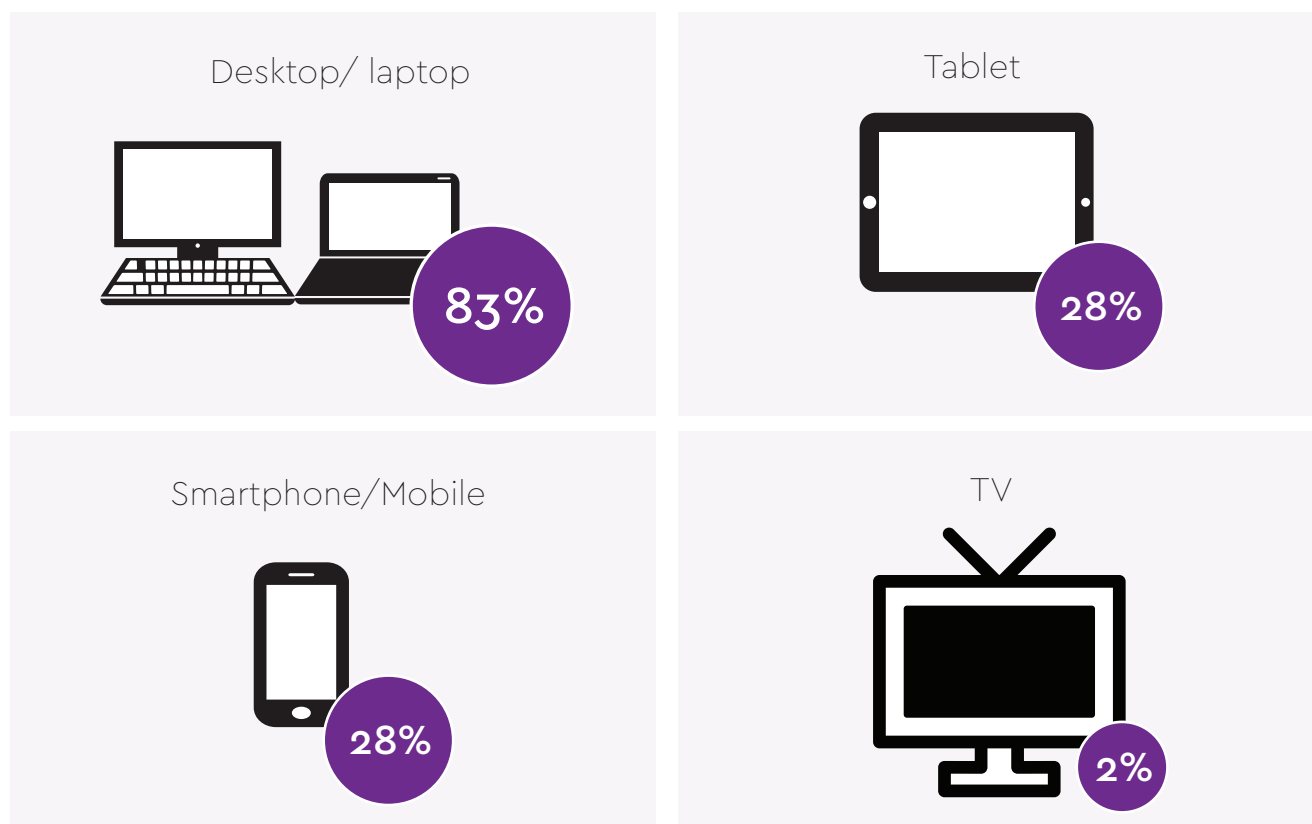
There is a degree of price sensitivity in online commerce, with a third (34%) indicating that they leverage online resources to compare prices and find deals. However, Canadians are split on the issue.

## The hybrid nature of online commerce



*CIRA Internet tracking study/Strategic Counsel*

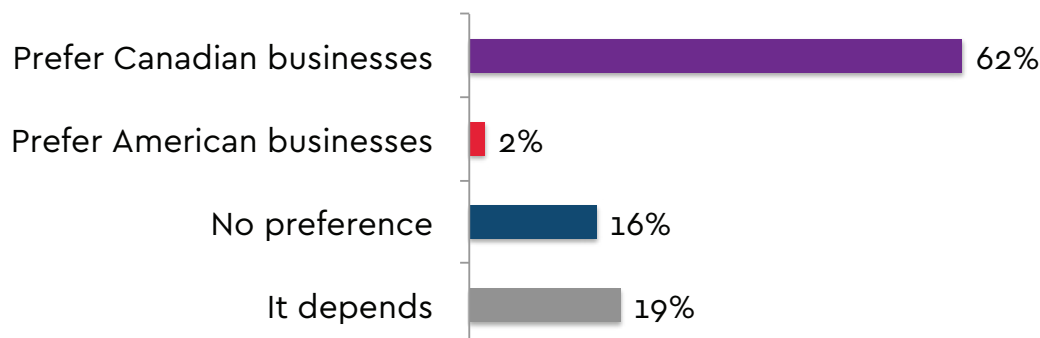
## Devices used for product research





## Choosing Canada online?

When shopping online, Canadians are highly motivated to make purchases from Canadian websites. Even in a global marketplace, Canadians prefer to support Canadian businesses.



*CIRA Internet tracking study/Strategic Counsel*

## Top reasons for supporting Canadian businesses when shopping online

When choosing Canadian online retailers, shoppers are motivated by both a desire to support Canada and practical concerns like exchange rates or shipping costs.



*CIRA Internet tracking study/Strategic Counsel*

Has all this data got you excited about getting your business online? **Start with a great .CA domain**

**Get your .CA**

[cira.ca](http://cira.ca)

## Citations

- <sup>1</sup> <https://www.forrester.com/report/Canadian+Online+Retail+Forecast+2014+To+2019/-/E-RES115497>
- <sup>2</sup> <https://www.shopify.ca/blog/15206517-mobile-now-accounts-for-50-3-of-all-ecommerce-traffic>
- <sup>3</sup> [https://static.indigoimages.ca/2016/corporate/Indigo-Q3-Press-Release\\_February-2-2016.pdf](https://static.indigoimages.ca/2016/corporate/Indigo-Q3-Press-Release_February-2-2016.pdf)
- <sup>4</sup> <http://www.marketingmag.ca/brands/frank-oak-heads-to-the-mall-169693>

## About this report

CIRA's Internet Factbook is produced with data collected from a study by the Strategic Counsel. Data were collected using an online panel methodology. A total of n=1,000 adult Canadian Internet users and n=350 SME decision-makers completed an online survey in March, 2015.

Additional data on Canada's Internet and trends in digital behaviour can be downloaded at [cira.ca/factbook](http://cira.ca/factbook).

## About CIRA

The Canadian Internet Registration Authority (CIRA) manages the .CA top-level domain on behalf of all Canadians. A Member-based organization, CIRA also develops and implements policies that support Canada's Internet community, and represents the .CA registry internationally.