

Canada E-Commerce Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 100 pages | Mordor Intelligence

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Report description:

Canada's E-commerce Market is estimated to register a 14.50 % CAGR From 2022 to 2027. Advanced infrastructure, high internet penetration, and an increasing number of card-based payment systems, among other factors, are driving the market.

Key Highlights

Amazon dominates the entire e-commerce and shopping sector, with a robust presence in Canada's computers and electronics category. Its success is mainly due to its wide offerings, ranging from electronics to books, streaming, and television. That is, Amazon Canada attracts a diverse range of customers.

With its Canadian prices, Amazon Prime keeps things simple. If the client wants to use the service for a whole year, it will cost \$61, or they can pay \$5.12 per month. Prices have not risen as they have in the United States. For those who like to crunch numbers, the annual rate works out to just \$5.12 per month.

Prime Video is the most influential streaming feature with Amazon Prime in Canada. It's a video platform with a library that can compete with Netflix and Hulu, but it can get lost in the shuffle of competitors. However, with an ever-expanding library of originals and premium channel integrations, Prime Video appears to be on the rise.

The number of Canadians willing to use more advanced and non-traditional payment methods increased. In 2020, 43.2 % of Canadian phone users reported using a digital wallet, while another 20.4 % used the PayPal app to conduct financial transactions. Overall, Canadians are increasingly willing to embrace the world of e-commerce, are becoming more accepting of new and innovative payment methods, and are becoming more comfortable storing data and making purchases online.

As COVID-19 ended in April 2020, retail sales fell while online shopping increased. Furthermore, other retail trade subsectors, such as furniture and home furnishings stores, sporting goods, hobby, clothing, and accessories stores, experienced much sharper in-store sales from February to April 2020. E-commerce sales increased as in-store sales decreased in these subsectors. The COVID-19 pandemic has had a long-term impact on the retail industry. Small firms are increasingly transforming to

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e-commerce platforms and utilizing them novelly. The action of Canadians to continue using e-commerce or return to traditional purchasing techniques can change the structure of the retail trade industry in Canada. The retail landscape will undoubtedly influence.

Canada E-commerce Market Trends

Increasing internet users in Canada

Canadian consumers highly depend upon the Internet to place orders. Internet consumer sales have risen far higher than traditional retail sales over the last few years. Most Canadian retail firms have adopted internet-based systems along with wireless technologies to improve business-to-business and business-to-consumer relations. Manufacturing firms and government organizations are enhancing Internet use for purchases, especially for small routine orders. Although approximately 94% of Canadians have access to stable internet service, the users primarily live in the country's more urban areas.

Internet access provides an essential link to the rest of the world for residents in remote communities in Northern Canada, but delivering high-speed services remains costly and difficult. As of January 2022, 55 percent of Canadians made online retail purchases with their mobile devices, and this trend is growing. Millennial consumers (ages 18-34) lead the movement, with 47% of these shoppers purchasing via digital devices at least once a week.

The Canadian E-commerce market is very similar to that of the United States, and it shares some of the same trends as retailers to the south. Hybrid purchases, "Click and Collect," and "omnichannel" consumers ordering products online and taking them home in a brick-and-mortar store seem to be two trends shaping the Canadian e-commerce market. The Canadian E-commerce market generally markets through social media because the return on investment by using social media is constantly improving, and retailers are increasingly spending marketing dollars on social media ads.

The transition to mobile payments "mPOS (mobile Point-Of-Sale)" through technologies such as Apple Pay, Android Pay, and Google Pay - is growing in Canada. In addition, the ongoing rollout of 5G across Canada would also boost mobile commerce beyond 2020. Currently, coverage in cities is prioritizing. The following 5G spectrum auction in Canada has been postponed until June 2021 to prioritize existing connectivity during the 2020 pandemic.

In Canada, there are several methods for internet shopping to collect a payment, the most common of which are credit card-based - Interac Online, MasterPass, and PayPal -. Still, some vendors also offer the option of prepaid cards or prepaid vouchers. MasterCard is Canada's most popular credit card, accounting for a 53.6 % market share. In terms of consumer preferences, young Canadians are more willing to make mobile purchases and are more receptive to mobile advertisements. Another preference in Canada is for video advertising: according to Com Score, mobile commerce (m-commerce) is rising, owing to smartphones' and tablets' increasing mobile connectivity. Digital advertising has surpassed TV advertising revenues and is poised to become Canada's preferred advertising medium.

Growing B2C E-commerce segment

Canadians have embraced B2C electronic commerce amid a major disruption in retail channels. In 2022, over 27 million e-commerce users in Canada, accounting for 3/4th of the Canadian population. This number is anticipated to grow to 77.6 percent in 2025. Increased online shoppers mean that retail e-commerce sales in Canada continue to climb.

According to Statistics Canada, e-commerce retail trade sales in Canada amounted to US\$3.82 billion in December 2020, an all-time high, surpassing the boost recorded in May 2020 (US\$3.2 billion) due to the COVID-19 lockdown measures.

In March 2022, e-commerce sales amounted to approximately US\$2.34 billion. Retail e-commerce sales are expected to total US\$40.3 billion by 2025. Retailers are investing in digital platforms to reach consumers dispersed over a vast land mass while

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responding to competition from websites like Amazon Canada.

Electronics is currently the leading product category, followed by Fashion and Furniture. 59% of Canadian shoppers use credit cards when shopping online, and a further 20% use PayPal. Digital wallets are steadily increasing and are estimated to account for 27% of online payments by 2025.

The growth of eCommerce is due to the volume of purchases and the breadth of goods and services Canadians purchase. The products that Canadians are buying from U.S.-based merchants, in particular, are apparel and accessories, followed by books, music, and videos; consumer electronics; toys, hobbies, and games; health and beauty products; footwear; jewelry; household goods; sporting goods, DIY and garden supplies and groceries.

Canada E-commerce Market Competitor Analysis

Amazon.ca is the dominant player in the Canadian E-commerce market. In 2021, the store's revenue was \$8.3 billion. It is followed by walmart.ca, which has a revenue of \$4.3 billion, and homedepot.ca, which has an income of \$1.7 billion. The top three stores account for 40% of all online revenue in Canada.

August 2021- Canada's leading omnichannel specialty sleep retailer announced a partnership with Walmart Canada by opening ten new "Sleep Country Express" and "Dormez-Vous Express" stores in Walmart Canada licensee spaces. This exciting expansion of the Company's sleep ecosystem, the first of its kind with a retailer, has shown the Company's ongoing commitment to expanding its customer reach and driving growth through channel digitalization, strategic partnerships with the world's most well-known brands, and exceptional customer experiences.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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