

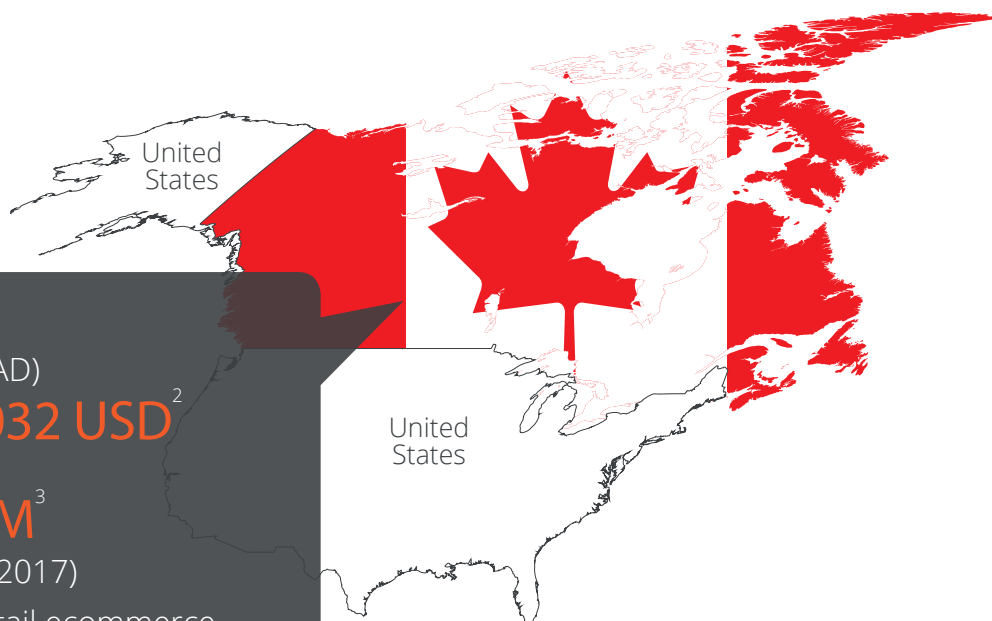


CANADA



Globale
Smart Cross-Border™

Country Report
2019

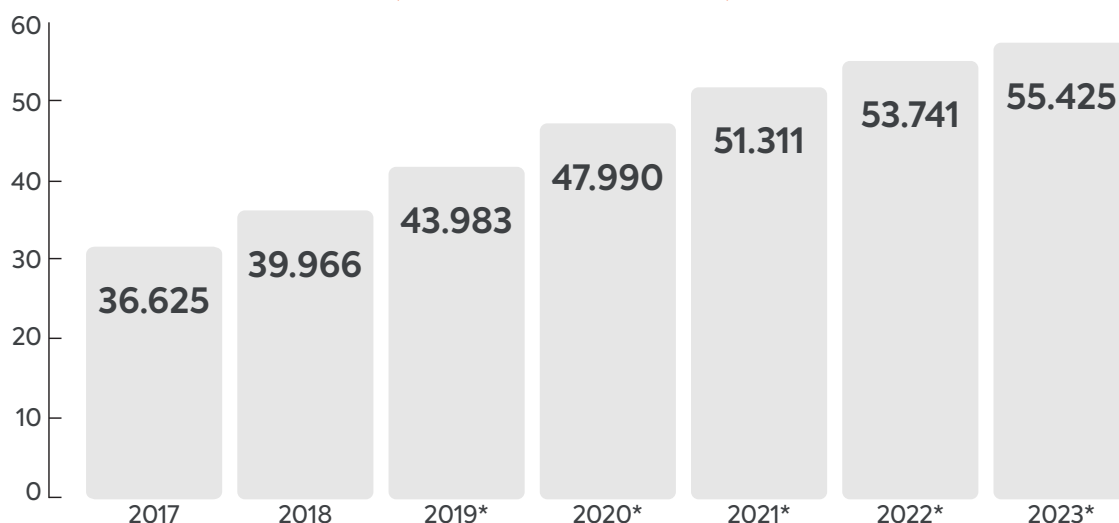


36.7M¹ Population (2017)
 Currency: Canadian Dollar (CAD)
 GDP per capita (2017): **45,032 USD**²
 Languages: English, French
 Internet users (2017): **30.9M**³
26.4M⁴ Online shoppers (2017)
36.6 Billion USD⁵ Retail ecommerce sales (2017)

The Canadian cross-border ecommerce market

Canada is a very active ecommerce market with ecommerce numbers growing and evolving rapidly and predicted to reach more than US\$55 million in 2023.

Retail Ecommerce revenue in Canada from 2017 to 2023
(in million US dollars)



Source: Statista, 2018

Cross-border shopping is also very popular in Canada; according to research from 2018, 61% of 18-34 year-olds⁶ and 55% of 35-54 year-olds⁶ from Canada made a purchase from a foreign website in the last 12 months compared to 29% of 55+ year-olds⁶, and according to a UPS study from 2017, 80% of Canadian shoppers had made an online purchase from an international retailer⁷. In 2017, cross-border ecommerce sales in Canada accounted for 26.8% of retail ecommerce overall, compared, for example, to 6% in the US and 12.5% in the UK⁸, and therefore presents a great opportunity as a lucrative cross-border ecommerce market.

How Canadian shoppers buy cross-border

Canadians enjoy a standard of living and purchasing power that is similar to their neighbour, the United States. They are familiar with American brands and approx. 75% of Canadians live within 161 km of the Canadian-American border. Accordingly, the US is the most popular destination for cross-border purchases, with 56% of Canadian online cross-border shoppers saying that they purchased from the US in 2016, and 53% according to other research from 2018. China is the next most popular destination, and growing in popularity with 18% making purchases from China in 2016, increasing to 30% in 2018. Shopping from the UK has decreased in popularity if we compare two research studies, with 7% in 2016 and 4% in 2018. In the 2016 survey, shoppers mentioned additional destinations including 3% purchasing from Japan and 2% purchasing from Singapore¹⁰.

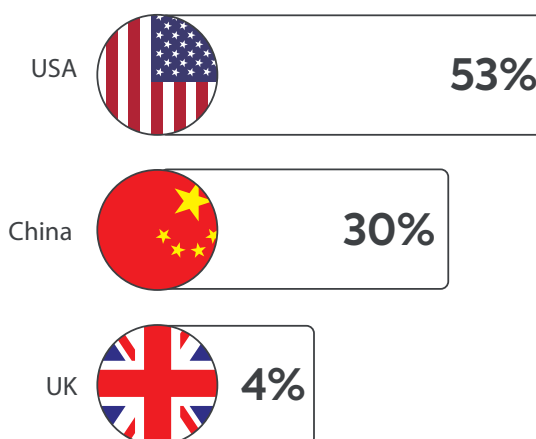
Availability and price are the top reasons for buying online from other countries. Canadian shoppers who purchased from the US and Europe were attracted by products that weren't available locally. Others who bought from the Pacific Rim were motivated by lower prices¹¹.

Top reasons for purchasing cross-border



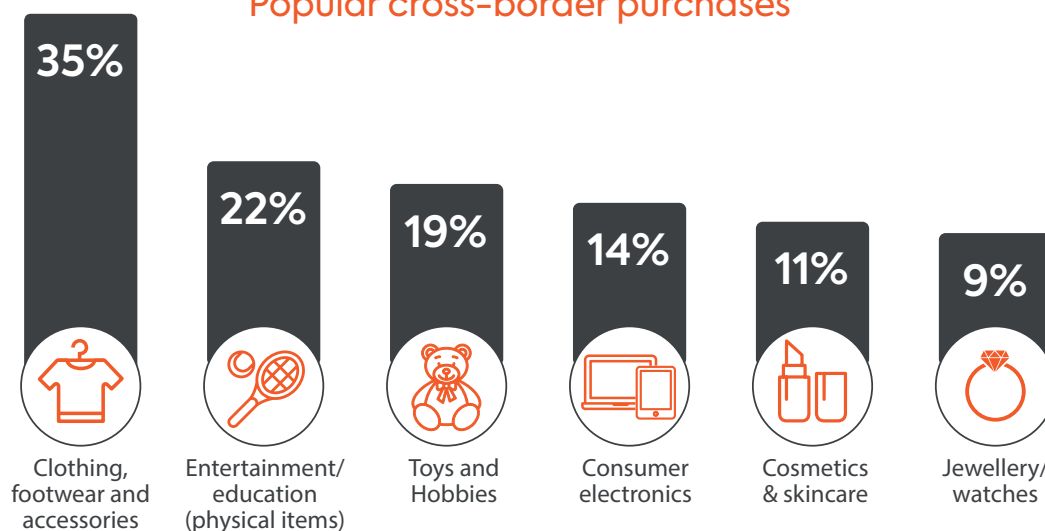
Source: UPS, 2018

Where do cross-border shoppers buy?

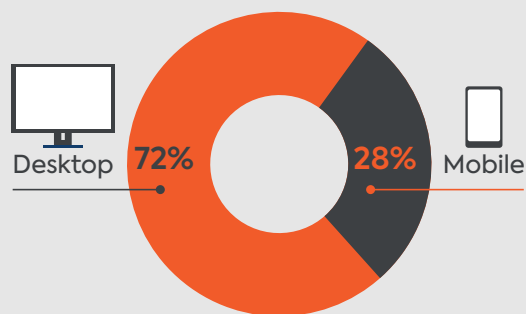


Source: IPC, 2018

Popular cross-border purchases



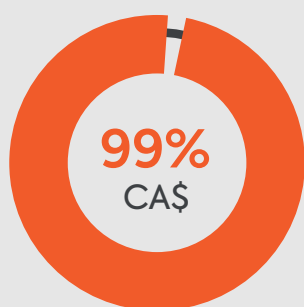
Source: eMarketer, 2017



Preferred device for cross-border online shopping

Shopping via mobile has grown 50% since 2017, when 18% ordered via mobile, and 82% via desktop.

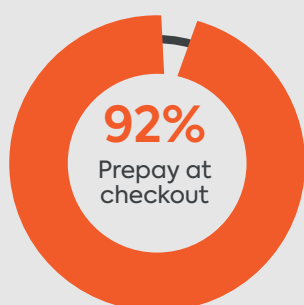
Source: Global-e, 2018



Currency

When given the option, most Canadian shoppers prefer to buy in their local currency.

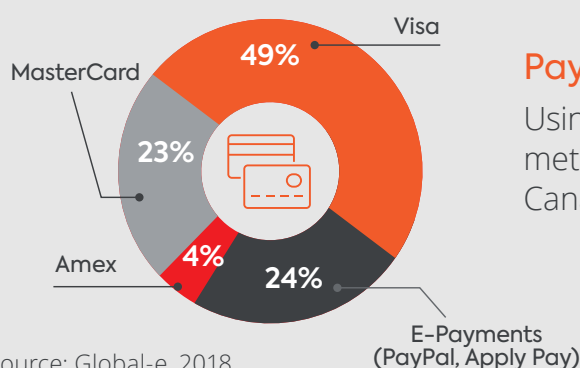
Source: Global-e, 2018



Taxes and duties prepayment

The import duties threshold in Canada is CAD20 (about US\$15). Due to the relatively low threshold, over 90% of online shoppers will purchase over this amount. Presenting duties and taxes calculation at checkout, for a guaranteed landed cost, and allowing shoppers to prepay at checkout, is a major boost to increasing conversion rates. Global-e's statistics show that 92% of Canadian shoppers will opt to prepay taxes when given the choice. We also found that including duties and taxes in the purchase price raises conversion rates by more than 100%.

Source: Global-e, 2018



Payment methods

Using credit cards is the most common payment method for online cross-border purchases in Canada, followed by PayPal.

Source: Global-e, 2018

Shipping Preferences

Many shoppers in Canada prefer express mail over regular post, as long as the premium for the express service is up to CAD10. Free shipping is another major driver for the cross-border shopper. More than half of Canadian online shoppers will shop from another merchant if their preferred merchant does not offer free shipping.

According to Ayima's research from 2018, 75% of Canadian shoppers consider free shipping as a key factor when choosing which website to buy from.¹² According to other research by Canada Post, between 60 and 70% of Canadian shoppers are willing to top up their carts, between \$50 or \$75, in order to qualify for free shipping for their US purchases¹³.



Major Buying Holidays

Feb. - Valentine's Day	Oct. - Halloween
Mar. / Apr. - Easter	Nov. - Black Friday and Cyber Monday
May - Mother's Day	Dec. - Christmas
Jun. - Father's Day	

Summary

The Canadian ecommerce market presents a prime opportunity for online merchants looking to grow their international sales. In order to capitalise on this major opportunity, merchants need to offer Canadian online shoppers a seamless, localised shopping experience, including the ability to browse and buy in Canadian dollars, a guaranteed landed cost and a prepayment option of all duties and taxes, multiple shipping options at attractive rates and a convenient and transparent returns process. However, to fully capitalise on the Canadian cross-border opportunity and optimise their conversion rates, merchants should tailor their offering to the specific preferences and shopping habits of Canadian online shoppers. For example, including taxes and duties in the product price ("hidden DDP") while informing shoppers that no additional costs will be added at checkout increases conversion rates dramatically. Merchants should also keep track of Canadian market dynamics and changes to make sure their offering stays up-to-date and relevant.

Keys to capitalising on the Canadian cross-border opportunity:



Present prices in Canadian dollars according to local rounding standards (closest five cents)



Allow shoppers to pay in Canadian dollars.



Present guaranteed calculation of duties and taxes and enable shoppers to prepay them at checkout.



Offer multiple shipping options at attractive rates, including an express option.



Offer a convenient and transparent returns process.

Smart cross-border tip

Including all taxes and duties in the product price ("hidden DDP") and informing shoppers that no additional costs will be added at checkout increases conversion rates.

About Global-e

Global-e (Nasdaq: GLBE) is the world's leading platform to enable and accelerate global, direct-to-consumer cross-border ecommerce growth. The chosen partner of hundreds of retailers and brands across the United States, Europe and Asia, Global-e makes selling internationally as simple as selling domestically. Our end-to-end ecommerce solutions combine best-in-class localisation capabilities, big-data best-practice business intelligence models, streamlined international logistics and vast cross-border experience, enabling online retailers to offer customers in over 200 destinations worldwide a seamless localised shopping experience. This includes local messaging per market, local pricing supported in 100+ currencies, 150+ local and alternative payment method, local tax and duty calculation with prepayment options for a guaranteed landed cost, multiple shipping options at attractive rates and easy returns. For more information, please visit our website: www.global-e.com

To discover more about increasing your online sales for the Canadian market, please contact us at info@global-e.com

Sources:

Global-e data, 2018

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