



Canada

GLOBAL RESEARCH REPORT

Canada: Market Guide to Cross-Border Best Practices

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Overview of this Report

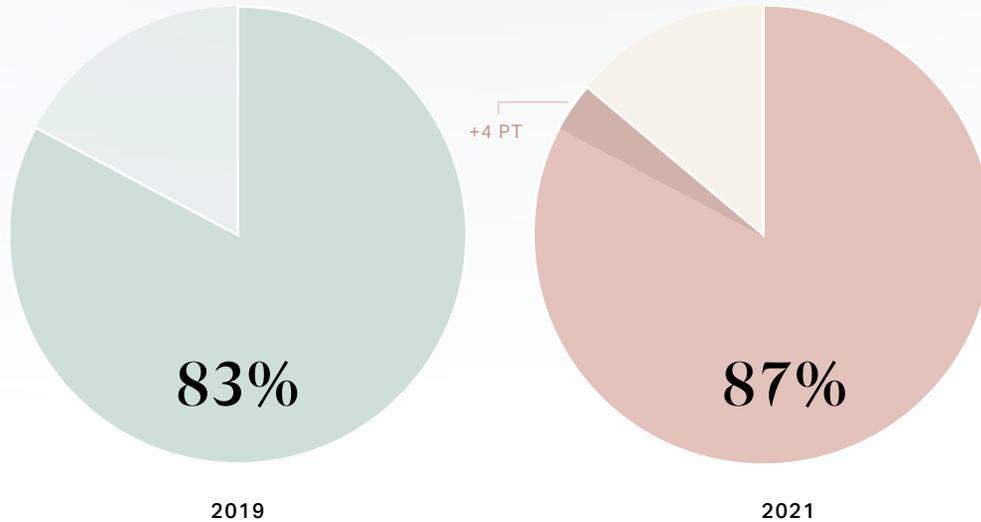
The state of e-commerce is rapidly evolving and it has become increasingly challenging for retailers to keep pace with all the changes in cross-border shopping behaviors and expectations. To that end, Flow commissioned a multi-market research report to uncover patterns in online shopping behaviors for both cross-border and non-cross-border shoppers across the top 8 markets: Australia, Canada, China, France, Germany, Japan, Canada and US.

This report examines shopping expectations and behaviors of online consumers in Canada. The data gathered examines a number of factors across the customer journey, uncovering insights for online retailers looking to create better localized experiences for Canadian shoppers. Additionally, our analysis helps guide brands to discover further opportunities in the Canadian market by analyzing trends that have emerged as a result of the pandemic. This data is also compared to the information compiled in our pre-pandemic survey, conducted in 2019.

The information here provides an overview of some of the primary data points gathered in our research study. To learn more about consumer preferences in the Canadian market and to access more information from the study, please contact us today at hello@flow.io.

Cross-Border Shopping Habits

Despite the pandemic, cross-border shopping remains popular among Canadian shoppers. In fact, over 4-in-5 Canadian shoppers (87%) said they buy products from retailers outside their home country. This was a positive increase from the results in the 2019 survey (+4pt).

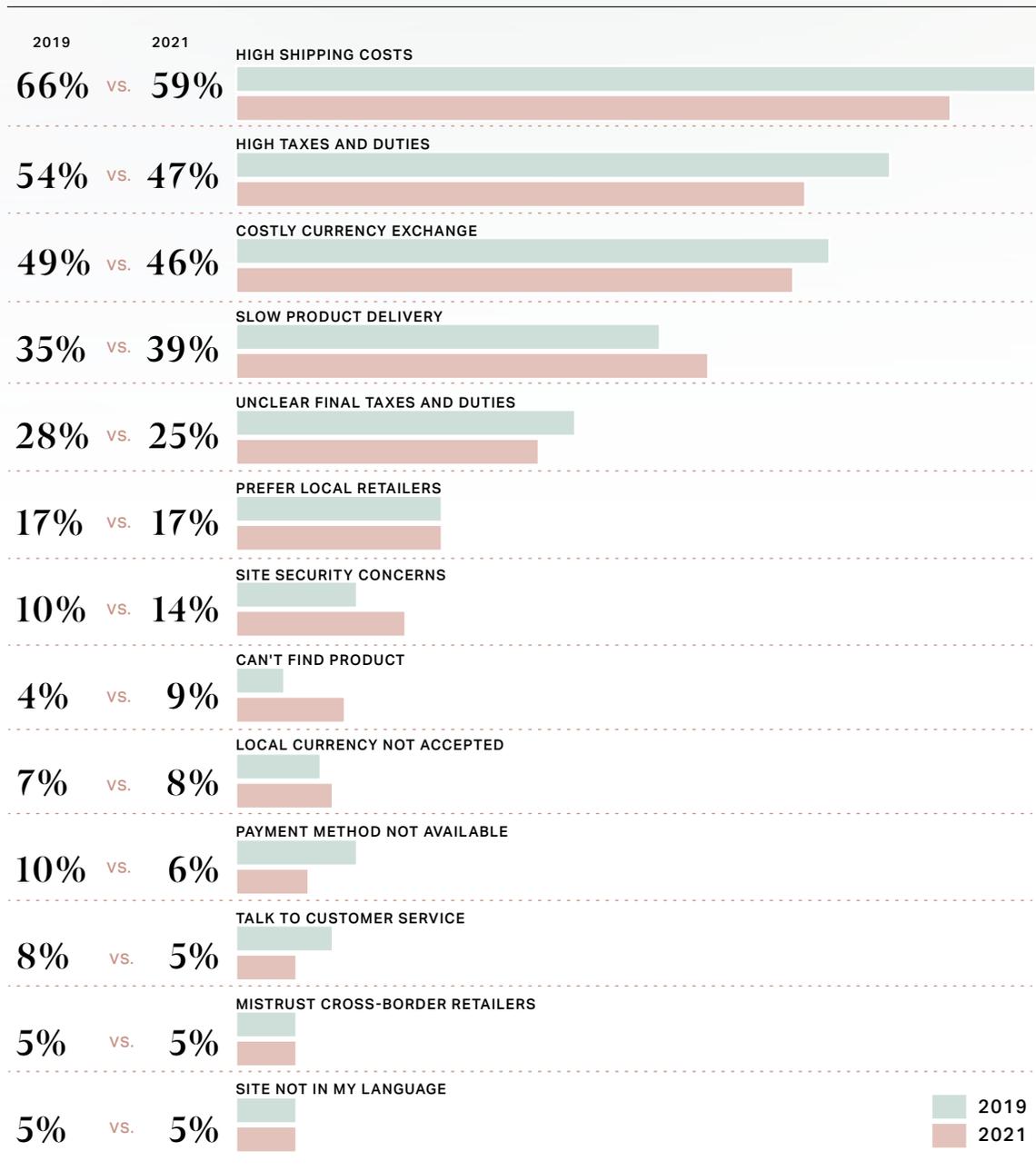


Source: Flow Commerce E-Commerce Survey, 2019 (N=385), 2021 (N=238), Canadian Apparel Shoppers A18-54



Barriers to Cross-Border Shopping

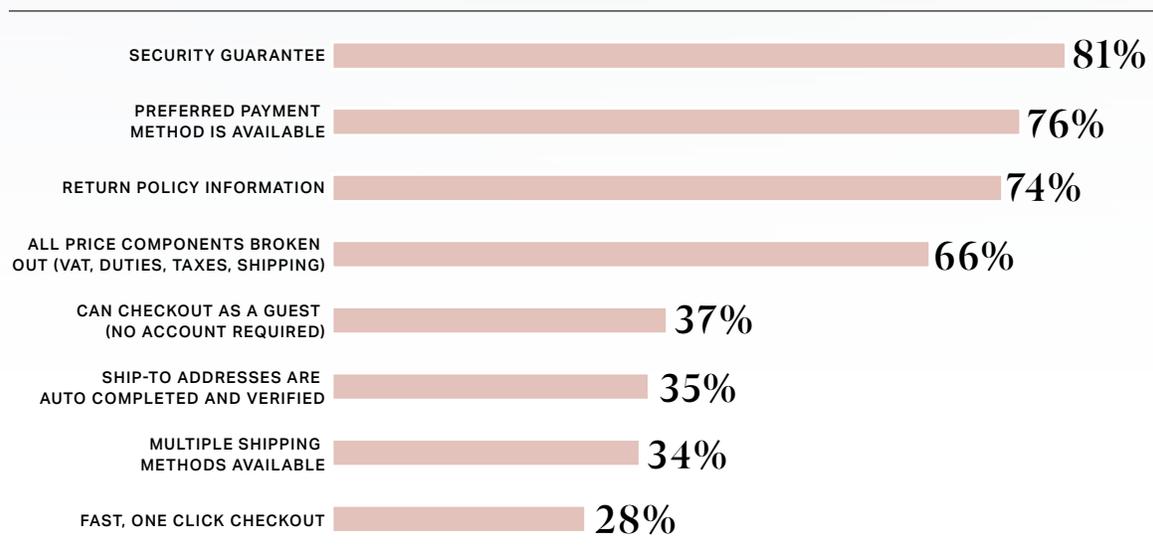
For Canadian shoppers, expensive shipping, high taxes and duties, and costly currency exchange remained barriers to cross-border shopping, similar to responses from Canadian shoppers in 2019. Slow product delivery remained an issue for 2-in-5 shoppers, reflecting geographic challenges for shipping and delivery times in this market.



Source: Flow Commerce E-Commerce Survey, 2019 (N=318), 2021 (N=206), Canadian Apparel Shoppers A18-54 who shop cross-border

Factors Influencing Online Shopping

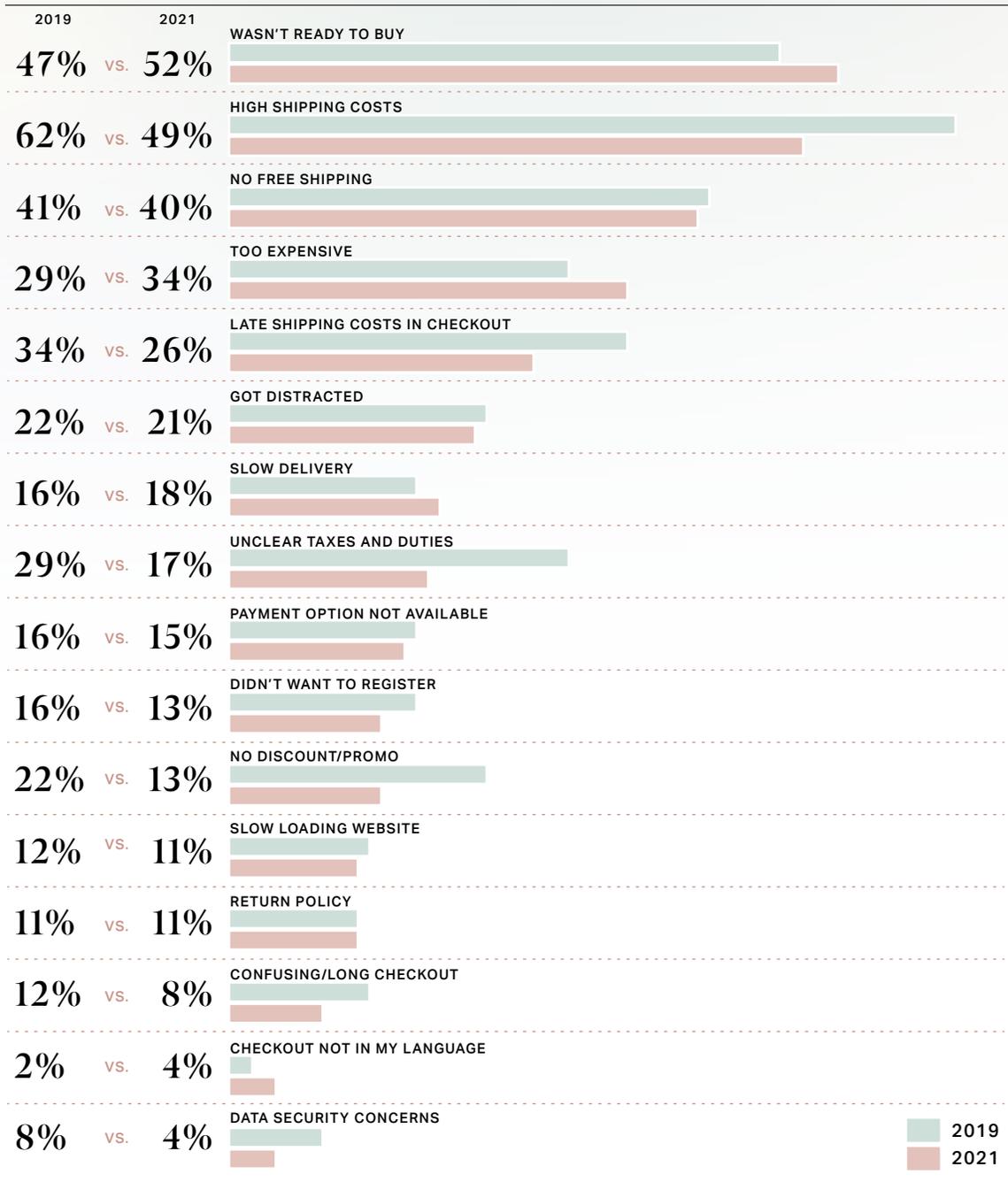
Next, we asked Canadian shoppers to rate the importance of various factors when purchasing online, from return policy to shipping methods and one-click checkout. Overall, site security, availability of local payment methods, and the return policy ranked in the top 3 as “very important” when making a purchase online (81%, 76% and 74% respectively). Additionally, 2-in-3 Canadian shoppers indicated the importance of all price components to be listed separately (e.g., VAT, duties, taxes, shipping) so that each amount is clear.



Source: Flow Commerce E-Commerce Survey, 2021 (N=238), Canadian Apparel Shoppers A18-54, % shows “Very Important”

Shopping Cart Abandonment Patterns

When asked about shopping cart abandonment, 79% of Canadian shoppers mentioned they did so, which is lower than responses in the 2019 survey (89%). This isn’t too surprising given that during the pandemic, shoppers have been coming online with the strong intention to buy rather than simply browse, behaviors that appear to continue post-pandemic. Primary reasons for abandoning shopping carts ranged from not being ready to buy (52%), high shipping costs (49%), lack of free shipping (40%), expensive prices (34%), and shipping costs communicated too late in checkout (26%).

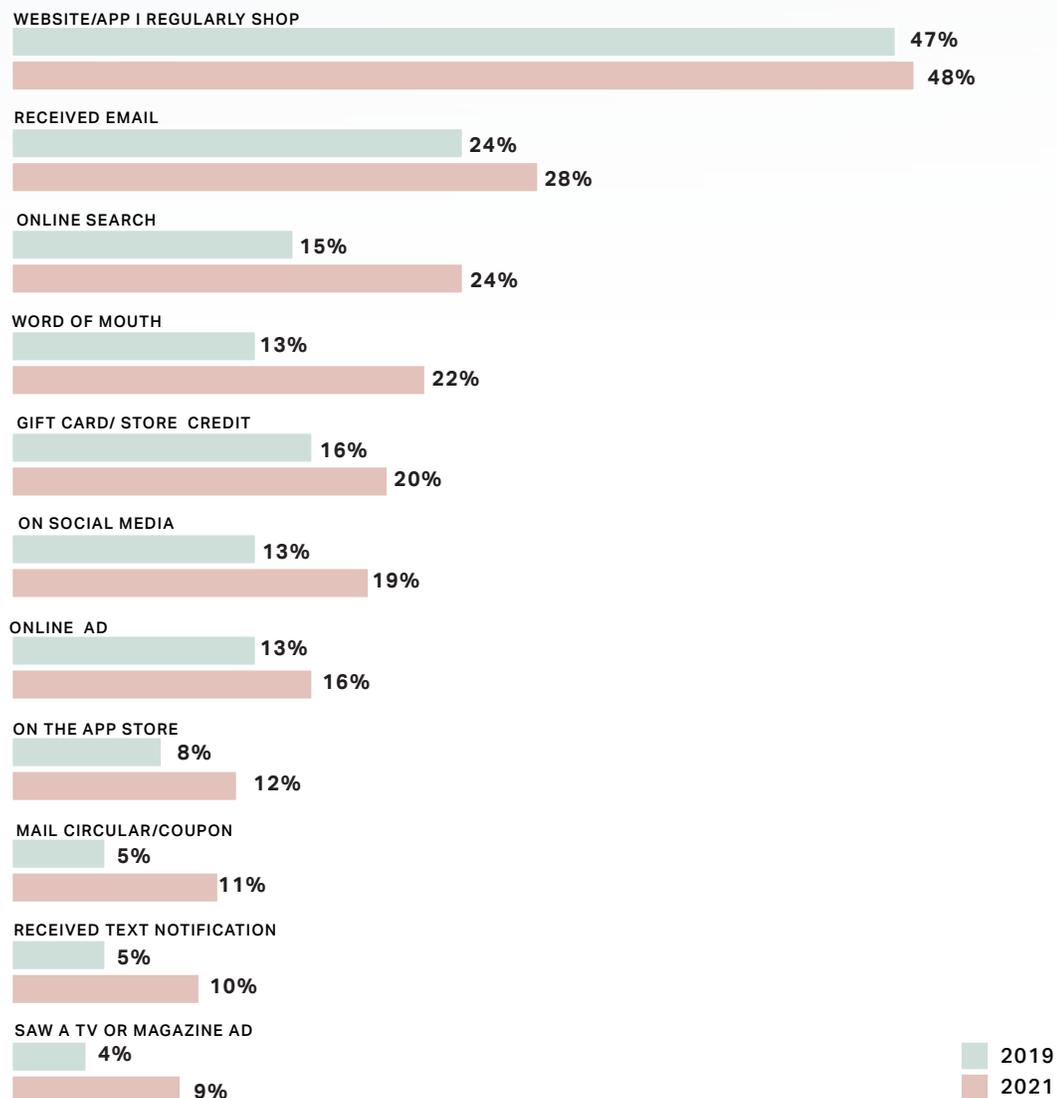


Source: Flow Commerce E-Commerce Survey, 2019 (N=343), 2021 (N=188), Canadian Apparel Shoppers A18-54 who abandoned their shopping cart

Interestingly, concerns about high shipping costs and lack of clarity regarding taxes declined significantly compared with responses in 2019 (-13pt and -12pt), however still remained barriers to completing purchases online.

Marketing Channels

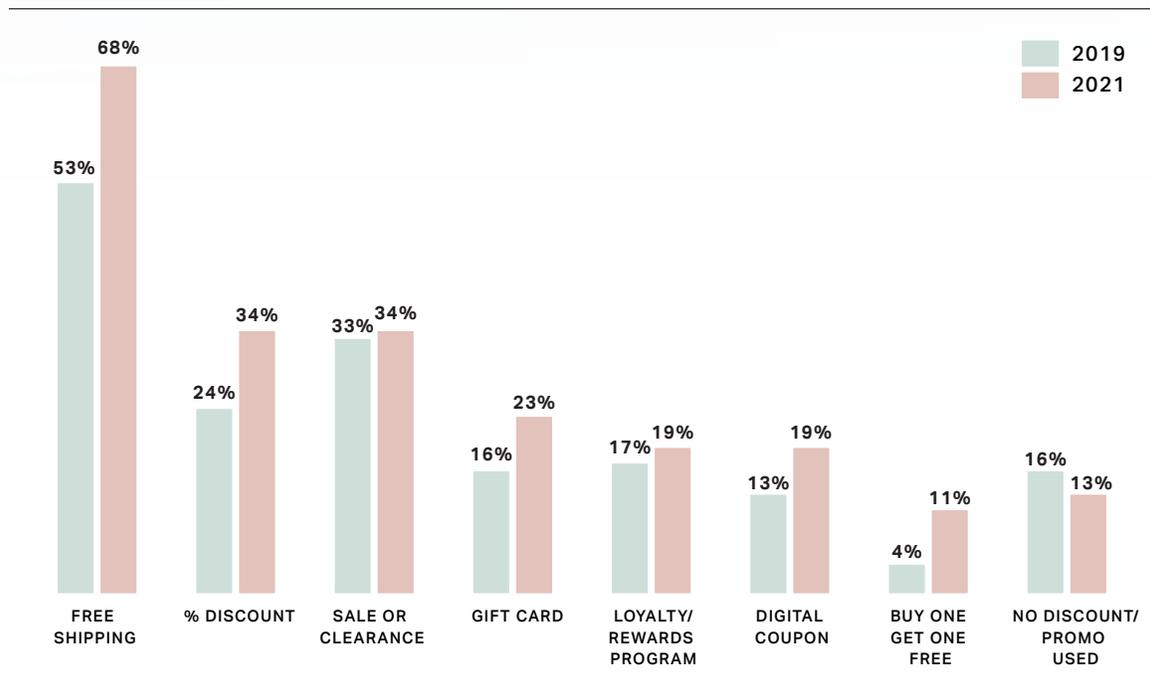
After choosing to shop online, the survey results found that email, search, and word of mouth (WOM) ranked as top channels driving new visits among Canadian shoppers in 2021, with search and WOM showing +9 point increase compared to 2019 responses. Not surprisingly, social media also showed a positive increase compared with 2019 (+6pt), which correlates to increased usage of social media during and after the pandemic. In terms of demographic skews, ages 18-24 were twice as likely to rely on WOM than other age groups (38%). Similarly, compared with other age groups, respondents ages 18-24 were also more likely to rely on search (36%), online ads (31%), as well as push notifications via text (18%).



Source: Flow Commerce E-Commerce Survey, 2019 (N=385), 2021 (N=238), Canadian Apparel Shoppers A18-54

Onsite Promotions

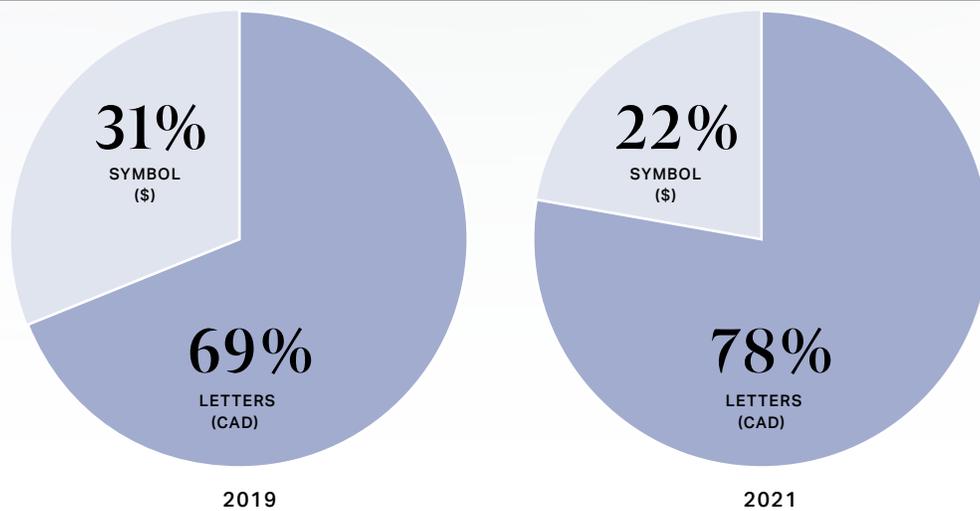
Looking at onsite promotions, Canadian shoppers showed a significantly increased preference for offers that involve free shipping and a percent discount compared to responses in 2019 (+15pt and +10pt). Another one-third of Canadian shoppers also reported taking advantage of sales/clearance events, similar to 2019 levels. Gift card usage should also be noted, as almost one-in-four Canadian shoppers mentioned using them (23%), an increase of +7pt vs. 2019. Interesting to note is the +8pt increase in buy one get one (BOGO) offers, which more than doubled since 2019. While not a huge percentage of shoppers responded with a preference for BOGO offers, the increase is one to watch, and online brands might want to consider testing this type of promotion when selling to Canadian shoppers. On the flip side, only 13% of Canadian shoppers reported not using any discount/promo while shopping online.



Source: Flow Commerce E-Commerce Survey, 2019 (N=385), 2021 (N=238), Canadian Apparel Shoppers A18-54

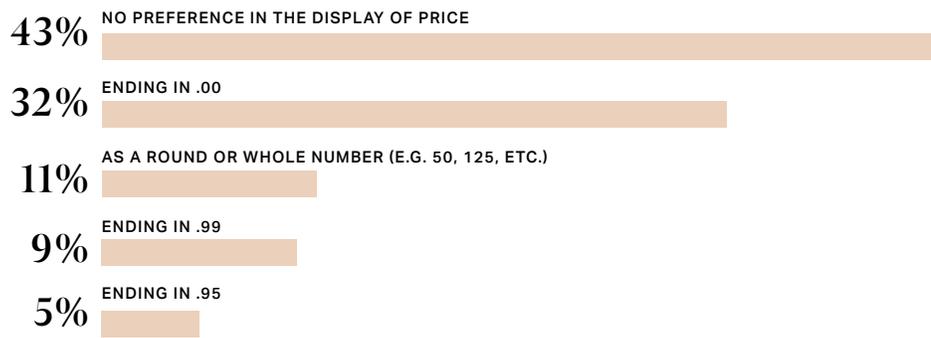
Local Currency Display and Price Rounding

As part of analyzing checkout preferences, we asked Canadian shoppers how they prefer to see prices displayed. The overwhelming majority of Canadian shoppers (78%) said they preferred their currency written out as letters (CAD) versus a symbol. This preference was even more pronounced in 2021 versus 2019 (+9pt).



Source: Flow Commerce E-Commerce Survey, 2019 (N=385), 2021 (N=238), Canadian Apparel Shoppers A18-54

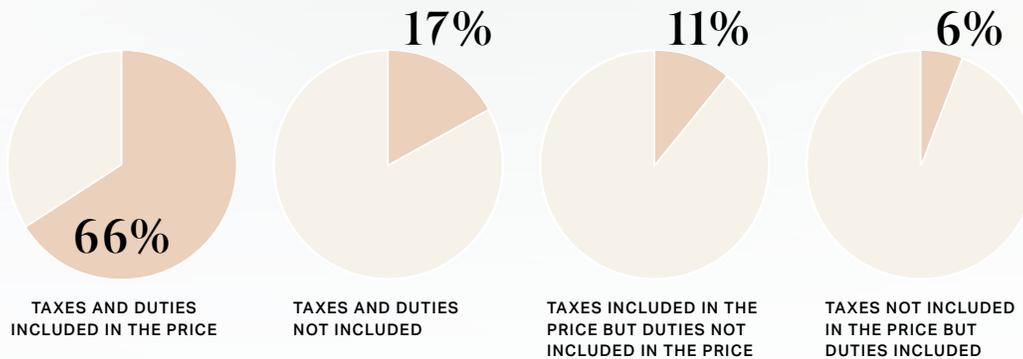
Over half of Canadian shoppers expressed a preference for rounding prices, specifically displaying a price ending in 0.00 (32%) or as a whole number without any decimal (11%). Meanwhile, 43% of Canadian shoppers surveyed said they had no preference with respect to currency display.



Source: Flow Commerce E-Commerce Survey, 2021 (N=238), Canadian Apparel Shoppers A18-54

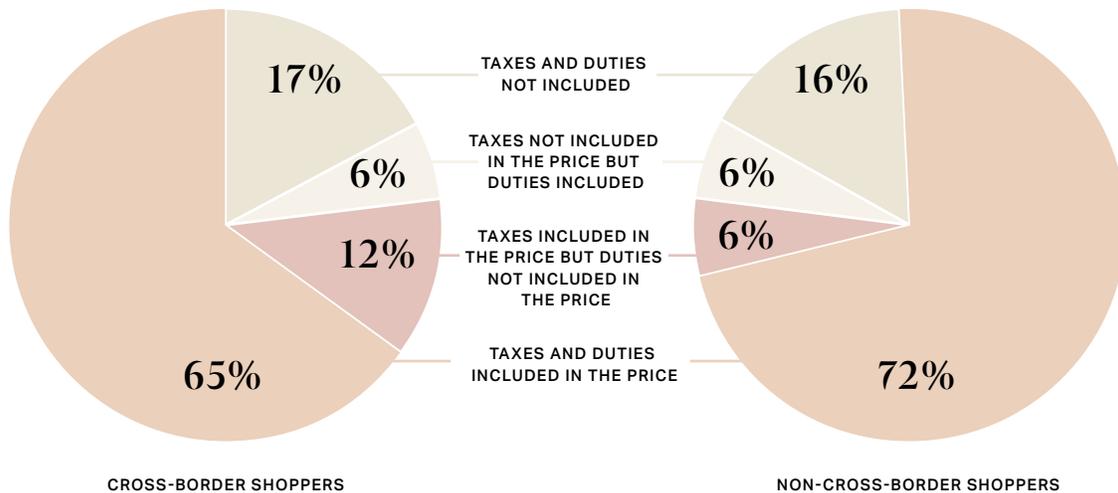
Duties and Taxes Display

In terms of taxes and duties, two-thirds of Canadian shoppers favored having both included in the final price (66%). This is similar to the findings from 2019.



Source: Flow Commerce E-Commerce Survey, 2021 (N=238), Canadian Apparel Shoppers A18-54

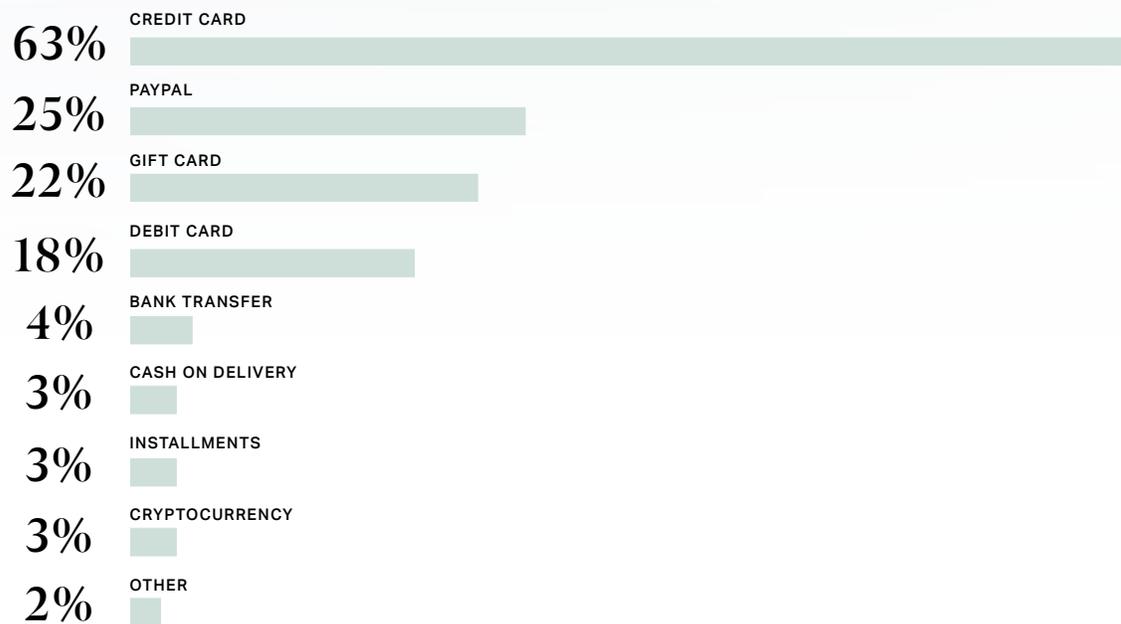
Additionally, there were no statistically significant differences when looking at cross-border shoppers versus non-shoppers.



Source: Flow Commerce E-Commerce Survey, 2021 (N=206 - Cross Border Shoppers, N=32 Not Cross Border Shoppers), Canadian Apparel Shoppers A18-54

Preferred Payment Methods

Overall, ranking of top 3 payment methods among Canadian shoppers was similar compared with 2019 results. Three-in-five Canadian shoppers said they used credit cards (63%) with another one-fourth mentioning PayPal (25%). Gift cards were fairly popular among these shoppers, with 22% saying they used gift cards for their online purchases. Fewer than 10% stated that they used bank transfers (4%), installments (3%), cash on delivery (3%) and cryptocurrency (3%).

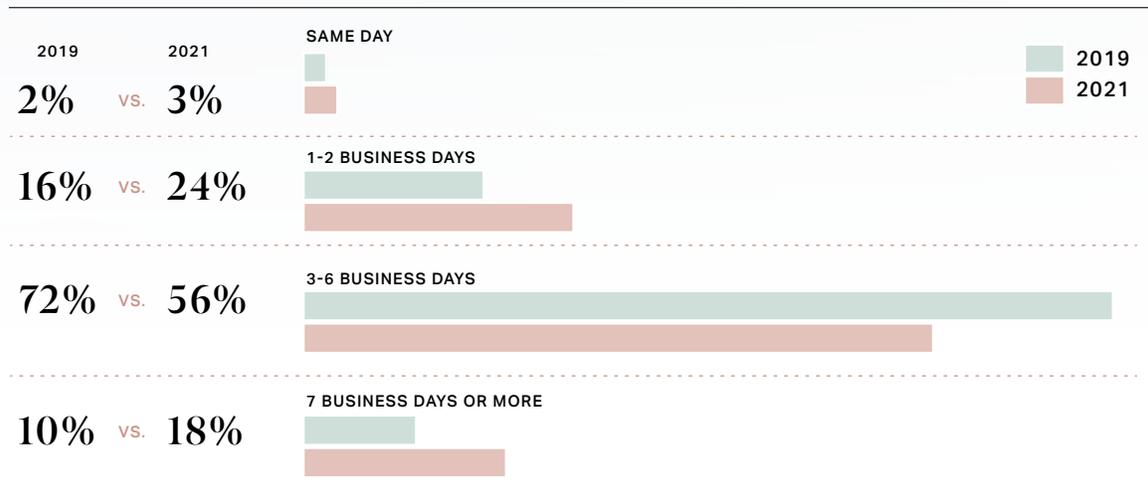


Source: Flow Commerce E-Commerce Survey, 2021 (N=238), Canadian Apparel Shoppers A18-54

Preference for payment methods were consistent across gender, however, differed by age and household income. Shoppers ages 18-24 were twice as likely as ages 45-54 to use PayPal (41% vs. 20%) as well as more likely to use different payment options such as bank transfer, installments, and cryptocurrency (8% vs. 0%).

Shipping Expectations

When asked about shipping windows for free shipping, over half of Canadian shoppers (56%) said they expected their items to arrive within 3-6 business days. However, this expectation showed a decrease of 16 points since 2019, in favor of a shorter 1-2 day window (+8pt) or longer 7+ day window (+8pt). Overall, Canadian shopper expectations for delivery windows of less than 6 days has decreased (90% in 2019 to 82% in 2021). This change in expectation could be related to a broader acceptance of disruptions to shipping and logistics networks that cause longer delivery times as a result of the pandemic.

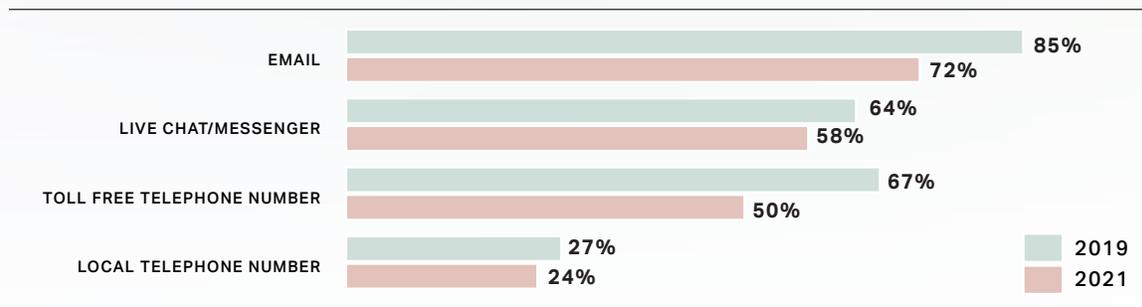


Source: Flow Commerce E-Commerce Survey, 2019 (N=385), 2021 (N=238), Canadian Apparel Shoppers A18-54

Looking across demographics, ages 18-24 were much more likely than any other group to say they expected same day delivery (10% vs. <2%). There were no significant differences by gender or household income.

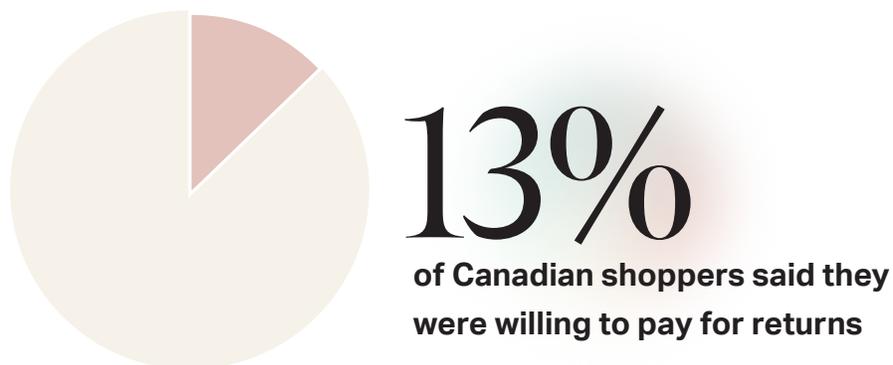
Customer Service Expectations

In terms of customer service, email still prevails as the most preferred method of customer service communication among Canadian shoppers (72%). Live chat/messenger and toll free telephone rounded the top 3, similar to 2019 results. Interestingly, preference for email and toll free telephone options showed significant decline versus 2019 (-13pt and -17pt).

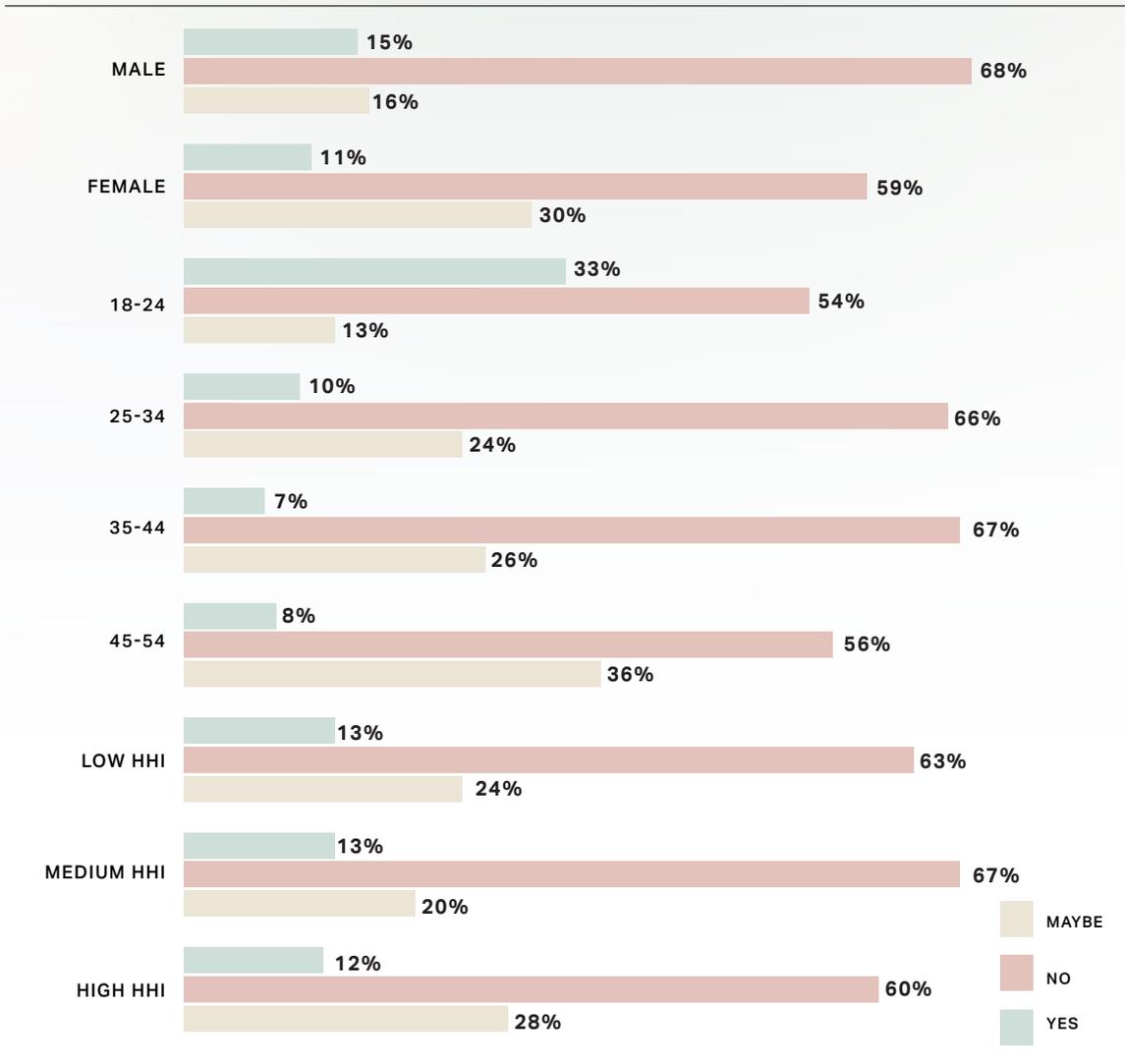


Source: Flow Commerce E-Commerce Survey, 2019 (N=385), 2021 (N=238), Canadian Apparel Shoppers A18-54

Very few Canadian shoppers said they were willing to pay for returns (13%). This is the same as the responses we received in the 2019 survey.



Looking across demographics, ages 18-24 were much more likely than other segments to say they would be willing to pay (33%).

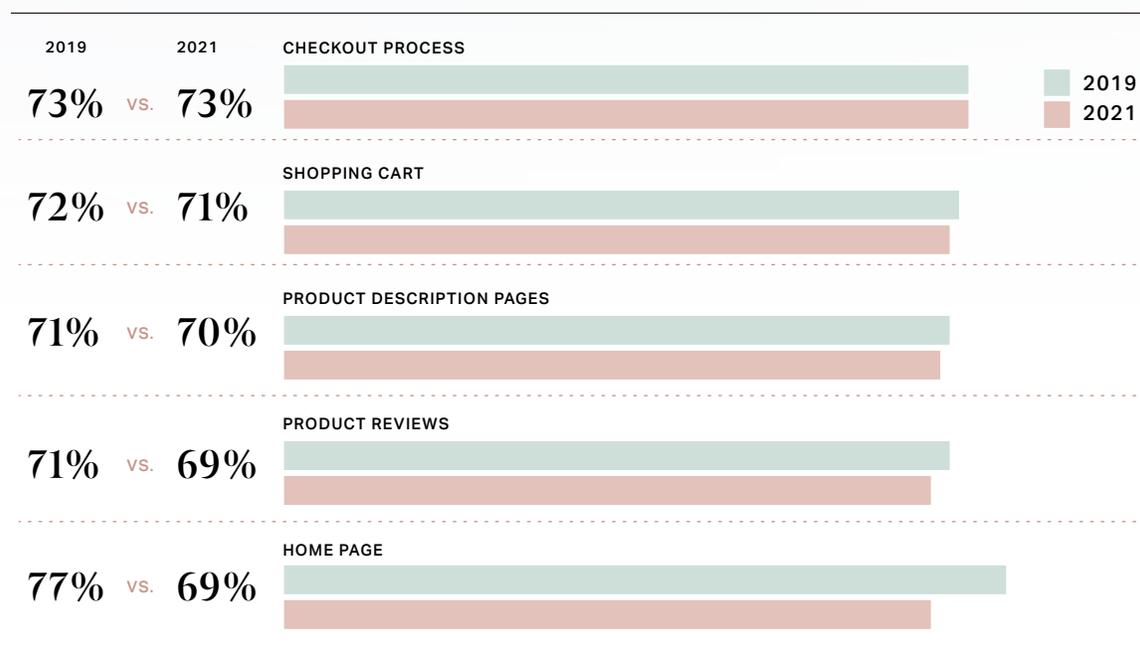


Source: Flow Commerce E-Commerce Survey, 2021 (N=238), Canadian Apparel Shoppers A18-54

Localized Language

Canadian shoppers also showed a high preference for localized language in all aspects of a retailer's website. In fact, almost 2 out of 3 Canadian shoppers (63%) mentioned they would be unlikely to buy from a retailer website that is not in English. This is similar to trends we've seen in other English-speaking markets.

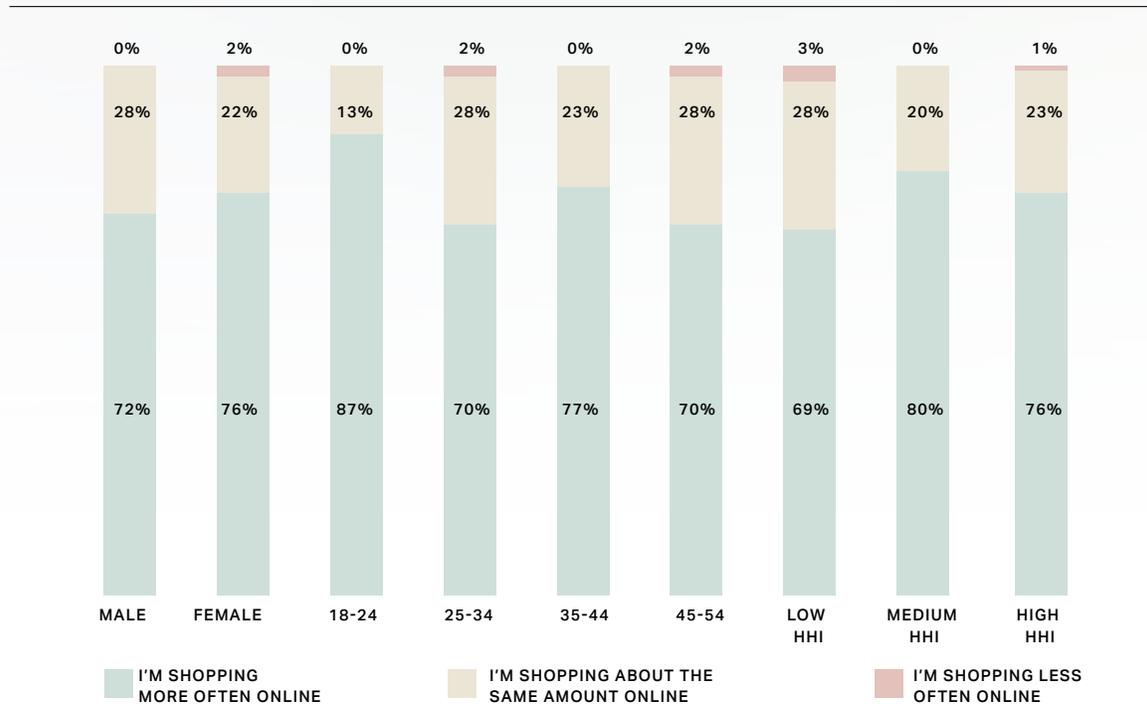
When prompted about specific areas of the website, Canadian shoppers want to see all aspects of the website localized, especially checkout, shopping cart and product descriptions. These findings were mostly consistent with the results in our 2019 survey.



Source: Flow Commerce E-Commerce Survey, 2019 (N=385), 2021 (N=238), Canadian Apparel Shoppers A18-54

Pandemic Impact and Future State

And finally, we asked respondents how the pandemic impacted their shopping behaviors online. Overall, the majority of Canadian shoppers said they were shopping online more often as a result of the pandemic (75%), especially ages 18-24 (87%).



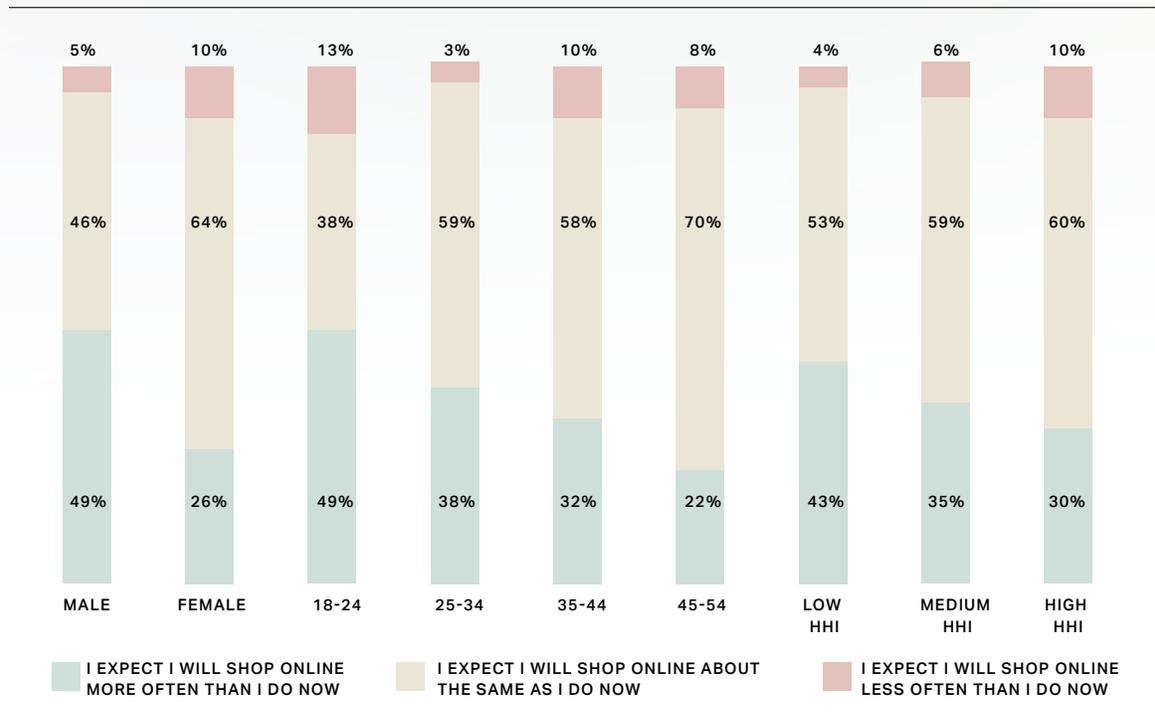
Source: Flow Commerce E-Commerce Survey, 2021 (N=238), Canadian Apparel Shoppers A18-54

75%

of Canadian shoppers said they shop more online as a result of the pandemic

Looking ahead, we asked Canadian shoppers how much they expected to shop online over the next year and most agreed they expected to shop about the same as they did now (58%).

However, across demographic groups, shoppers ages 18-24 were twice as likely as ages 45-54 to say they expected to shop more often than they do now (49% vs 22%). Similarly, men were also more likely than women to say they will shop more online (49% vs 26%).



Source: Flow Commerce E-Commerce Survey, 2021 (N=238), Canadian Apparel Shoppers A18-54

What's Next?

The results of this study reveal important implications for cross-border retailers. The Canadian market has distinct shopper profiles and concerns that need to be addressed in a customized fashion through website localization.

This level of customization includes:

- **Understanding cross-border barriers, factors influencing online shopping and cart abandonment factors**
- **Exploring marketing channels that drive the most traffic and preferred promotions**
- **Tailoring the variables across the customer journey to match shoppers' expectations (duties and tax display, preferred local payments, shipping and customer service expectations, etc.)**

Flow empowers businesses to market, sell and ship to online consumers globally, enabling consumers anywhere to have easy local shopping experiences. For more information, visit www.flow.io.

Research Methodology

The international study included 28 questions related to consumer attitudes toward e-commerce. Each market had a total of 385 respondents, which were defined as adults ages 18-54 who shopped for a variety of products online in the past year.* The sample was then filtered by apparel shopping to be trended versus 2019 resulting in 238 respondents for Canada. All data was analyzed and reported at 95% confidence level. Survey questions covered 5 major areas:

- **Cross-border shopping behaviors (e.g., categories, barriers, expectations, etc.)**
- **General shopping behaviors (e.g., promotions used, retailer selection, etc.)**
- **Customer service and shipping (e.g., delivery windows, free shipping, etc.)**
- **Retail website user experience and checkout preferences (e.g., currency, payment, etc.)**
- **Pandemic impact (e.g., frequency of shopping, shipping window, etc.)**

**Product categories purchased include: apparel, shoes, jewelry, beauty, consumer electronics, sporting-outdoor equipment, toys-hobbies, home decoration and furnishings*



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Flow's technology is the powerful solution preferred by growing brands to accelerate and optimize their global expansion and drive cross-border sales in over 200 countries worldwide. Merchants across the globe, such as MZ Wallace, Charles & Colvard, and Outerknown, trust Flow to drive increased cross-border revenue by localizing shopping experiences and optimizing conversions. Founded in 2015, Flow is based in Hoboken, NJ with a globally distributed workforce and additional offices in Dublin.

To learn more about how to boost conversions on your cross-border e-commerce website, contact us today at hello@flow.io and speak with a Flow expert.

For more information, visit www.flow.io.

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