

# In Canada, ecommerce will continue to be boosted by necessity

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**R**etail ecommerce was thrust forward in 2020, mostly due to periodic stay-at-home measures enacted across the country. During mandated quarantines in the first wave of the pandemic and a second wave in the fall that coincided with the holiday shopping season, consumers shopped online to a degree they never had before. Retailers in Canada quickly adapted to these new conditions, setting them up for continued high volumes of online ordering in 2021.

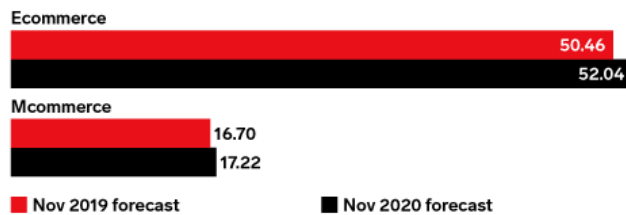
We forecast total retail sales in Canada were CA\$641.99 billion (\$483.86 billion) in 2020, up 0.7% over 2019. But that's 2.2% lower than our pre-pandemic forecast of CA\$656.39 billion (\$506.30 billion). Quarantines negated brick-and-mortar retail growth—it dropped by 0.8% last year—as people stayed home for much of 2020, especially in Q2 and late in the year as the second wave hit.

Retail ecommerce consequently gained a greater share of total retail last year. Despite the economic challenges and flat retail sales overall, ecommerce grew 20.7% in 2020, reaching CA\$52.04 billion (\$39.22 billion). That's equal to 8.1% of all retail.

In our pre-pandemic ecommerce forecast from November 2019, we expected retail ecommerce's share of total retail to be 7.7% for the full year in 2020. Confined to their homes, consumers shopped online as a necessity in 2020—a condition that will likely boost ecommerce activity for years to come. We expect retail ecommerce will grow an additional 12.5% in Canada in 2021.

### How Our Forecasts for Retail Mcommerce and Retail Ecommerce Sales in Canada Have Changed, 2020

billions of Canadian dollars



Note: excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice goods sales; ecommerce (and mcommerce) includes products or services ordered using the internet via any device (and via mobile devices including sales on tablets), regardless of the method of payment or fulfillment

Source: eMarketer, Nov 2020

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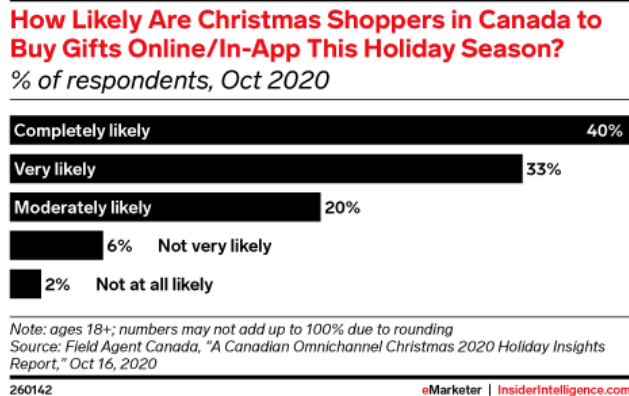
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"If the pandemic had lasted just one or two months, it might not have altered consumer habits," said Toronto-based retail analyst Marina Strauss, who was interviewed for our recent report, "[Canada Digital Outlook 2021](#)."

"But COVID-19 won't disappear quickly—and as a result, it will permanently change many people's shopping behavior," she said. "It especially will prompt more consumers to shift to ecommerce and to purchase more goods on fewer shopping trips."

In addition to overcoming barriers to online shopping that once existed, consumers are more uncomfortable visiting brick-and-mortar stores during the pandemic. A September 2020 survey conducted by [Google Canada](#) found that 30% of respondents indicated they were nervous to shop in-store, and 35% said social distancing measures made it harder to shop. As a consequence, 61% said they would shop more online for the holiday season, a consumer pattern that could endure after the pandemic ends.

Ahead of the 2020 holiday shopping season, it was clear that digital transactions would play a large part in how consumers bought gifts. Only 8% of adult respondents to a **Field Agent Canada** survey in October 2020 said they were not likely to buy gifts online or in-app. On the flip side, almost three-quarters said they were very or completely likely to do so.



According to a **daVinci Payments/Canadian Prepaid Providers Organization** survey in August 2020, 52% of respondents in Canada expected to do more than half of their 2020 holiday shopping online. By device, 40% expected to make half of their purchases on mobile.

"Ecommerce volumes doubled in Canada during the first wave of the pandemic," said Bruce Winder, a Toronto-based retail analyst and author of "Retail Before, During & After COVID-19," who was also **interviewed for the report**. "As a result, we're going to see considerably higher ecommerce penetration rates across almost all retail categories post-pandemic."

eMarketer PRO subscribers can read more about the key developments in Canada's digital economy in 2020 that will have lasting impacts on the market in 2021.

**Report** by Paul Briggs Jan 21, 2021

## Canada Digital Outlook 2021



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