

Ecommerce in Canada has nearly doubled since 2019

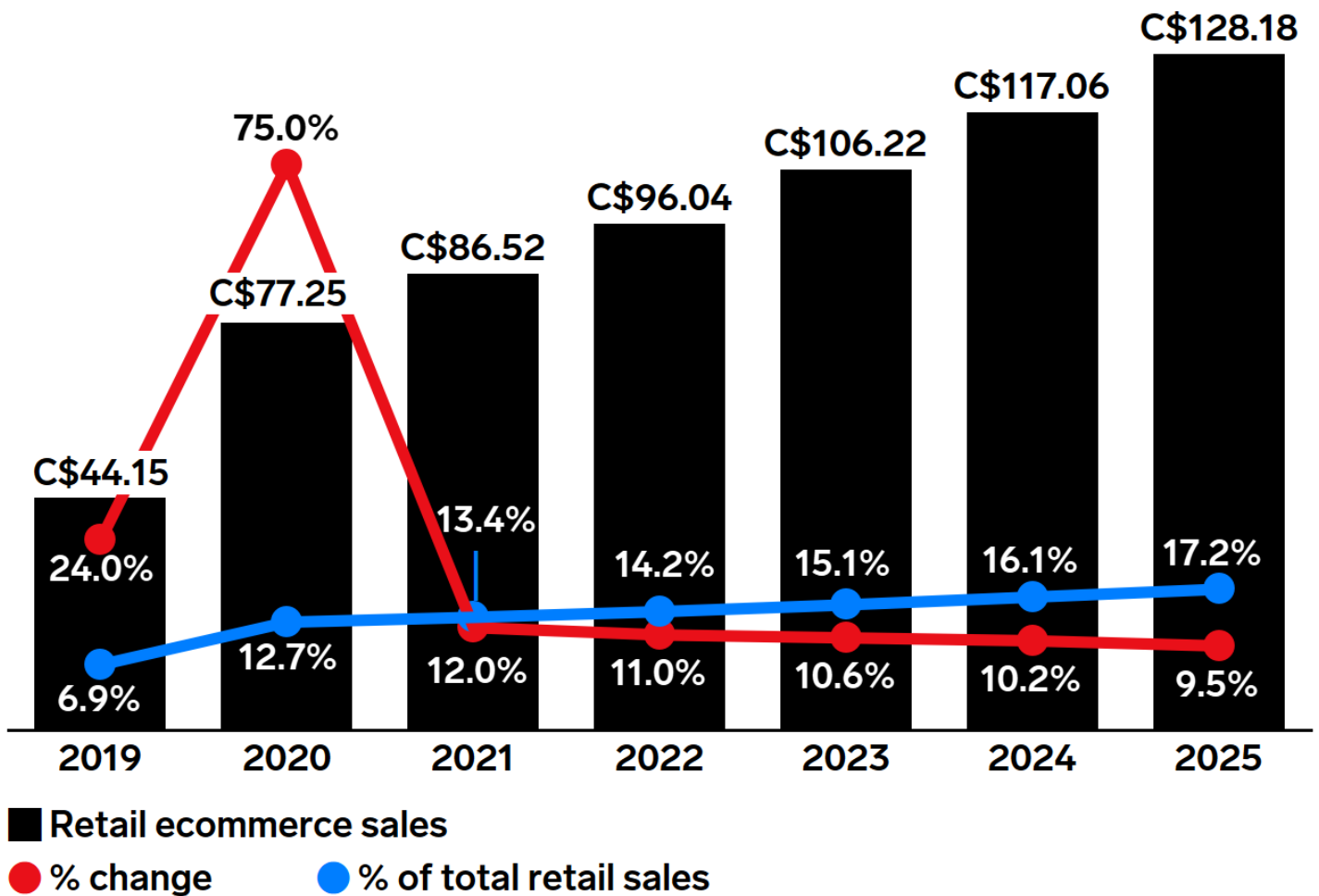
Article

The shift to online shopping was slower to develop in Canada than in other countries, notably the US, as we've been reporting for almost a decade. The logistical challenges of fulfilling orders to a relatively small and spread-out population resulted in a retail sector that offered limited digital choice for consumers. But the pandemic changed things—retail ecommerce has surged ahead and is now the primary growth driver of retail in Canada.

If retail ecommerce was boosting overall retail growth over the past decade, the pandemic added rocket fuel to surge it ahead by many years. Well above double-digit annual growth was evident pre-pandemic—24.0% in 2019 and 17.0% in 2018. In 2020, Canada's retail ecommerce economy grew 75.0%. That's second only to Argentina—at 100.6%—but well ahead of the US, at 32.4%, and worldwide growth of 25.7%.

Retail Ecommerce Sales in Canada, 2019-2025

billions of C\$, % change, and % of total retail sales



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment; 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

Source: eMarketer, May 2021

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Canada had more room to grow, however, due to a confluence of supply-side factors that made online shopping more expensive for consumers over the past decade. These included

higher distribution costs serving a relatively spread-out population; domestic retail's slow uptake of back-end ecommerce tech; and an onerous customs and duties regime that protected domestic retail from online competition from abroad.

Growth will continue stronger than ever, as the pandemic forced the hand of many reticent retailers in the country who delayed investing in the channel. In 2021, ecommerce will grow another 12.0% to reach CA\$86.52 billion (\$64.51 billion), almost double the sales volume of 2019. Double-digit annual gains are expected through 2024.

As a share of total retail, ecommerce will account for 13.4% this year and will climb to 17.2% by 2025. That's still well below the US share of 23.6% expected in 2025.

Illustrating the ecommerce boom in the country, Walmart Canada announced that ecommerce net sales grew 229% year over year (YoY) in the holiday season quarter ending January 31, 2021, the strongest of any of its international markets. Overall net sales grew 8.6% over the same period.

To learn more about what the post-pandemic retail market will look like in Canada, Insider Intelligence subscribers can read our recent report:

Report by Paul Briggs Jul 13, 2021

Canada Ecommerce Forecast 2021

