



Trends & Spends

PayPal Canada Consumer Report | June 2021



Canada's retail landscape is evolving fast.

We recently took the pulse of Canadian consumers to find out how online shopping behaviour is changing – and how retailers can keep up.



The State of Online Shopping

Canadians are shopping – and spending – more online

Even before COVID-19 struck, online shopping was already quickly becoming the preference for many shoppers. With numerous lockdowns and brick-and-mortar stores closed for much of 2020 and 2021, consumers were left with no choice but to turn to the digital marketplace.



94% of Canadians surveyed shop online



59% reported increasing their online shopping over the past year.¹

That's an increase of about **\$2 billion** to almost **\$5.5 billion** in current monthly online spending nationally.

What are Canadians buying online?

As it turns out, almost everything. Some categories got a particularly big boost during the pandemic, but Canadians are shopping for products across the board, from everyday essentials like clothing, shoes and accessories, groceries and even items to fuel their hobbies.



81%

of respondents are buying clothing, shoes and accessories



72%

of respondents are buying entertainment, toys and games



49%

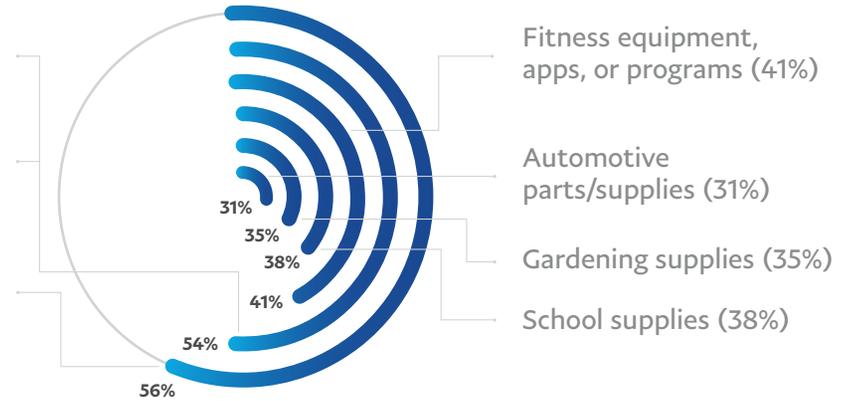
of respondents are buying groceries

Other items purchased online

Everyday essentials (54%)

Home renovation items and furniture (54%)

Home office furnishings and equipment (56%)



Fitness equipment, apps, or programs (41%)

Automotive parts/supplies (31%)

Gardening supplies (35%)

School supplies (38%)



Online shopping is part of daily life

Our survey data reveals that even as brick-and-mortar locations slowly re-open, Canadians still plan to do a lot of their shopping online.

Once the pandemic is over



7 in 10

still expect to shop online for clothing, shoes, and accessories and entertainment, toys and games



1 in 2

will still go online to buy home office furnishings and equipment, home renovation items and furniture, and groceries

5 years from now, Canadians expect to make 39% of their purchases online

Canadian retailers in every category have an opportunity to tap into a growing base of online shoppers – but to stay competitive, they'll need to make sure their online shopping experiences deliver. That means addressing barriers to buying online and prioritizing innovation for both smoother payments and better experiences.



Barriers to Buy Online

Canadians want confidence in payments

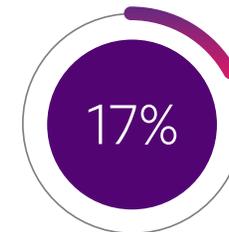
While Canadians clearly love to shop online, they also want to know their purchases and financial information are protected – and some respondents, especially shoppers over 55, have concerns. Retailers who want to overcome this hurdle need to provide assurance that their payment methods are secure and trustworthy.

1 in 5

Of those Canadians surveyed (19%) say worrying about online payment methods holds them back from online shopping



This includes



who worry about fraud and security of financial information



1 in 4 Canadians surveyed (55 years and older) are more concerned about online payments

That's compared to 15% of people 18-54 years old who say the same

Don't let shipping stop the shopping

For retailers who want to deliver an engaging online experience and stay competitive, payment security isn't the only challenge to keep in mind. For more than half of the consumers we polled, not being able to choose – and receive – their products easily can be a deterrent to shopping online.

Barriers to online shopping



Shipping costs



Delivery time



Wanting to pick their own products in person

While convenience is key, retailers should keep in mind that online shopping doesn't only need to include click and ship solutions. Curbside pick-up, quick and touch-free payment solutions and partnerships with third parties to offer quicker, accessible deliveries can all improve the customer experience.



The Future is Digital

Less cash, more payment options

When it comes to payments, the future of shopping is definitely digital. From digital payments to touch-free solutions, the way Canadians plan to pay is shifting.



Over 1 in 4 Canadians surveyed do not expect to use cash at all 5 years from now



About 3 in 5 Canadians surveyed expect cashless transactions will be part of the typical shopping experience



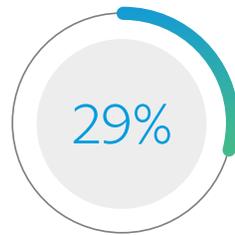
In 5 years, almost half of all Canadians surveyed expect contactless self-checkouts will be part of the typical shopping experience



Experience is everything

Beyond the speed and convenience Canadians have come to expect for online shopping and payments, consumers also expect retailers to innovate and create more fun and personalized shopping experiences.

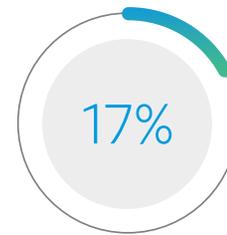
In 5 years,
those Canadians
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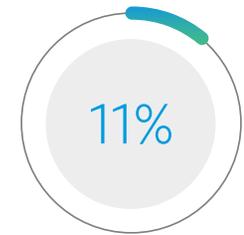
Drone deliveries



Facial recognition
for payment



VR fitting rooms



Holographic representation
of products

Smart and successful retailers will need to stay on beat with how their customers want to shop – and pay, online and in-store. With the complexities of online shopping and the demand for personalized (and easy) shopping experiences, investing in innovation that improves the customer experience is non-negotiable.

About the Survey: Edelman, on behalf of PayPal, conducted an omnibus survey among a sample of 1,528 nationally representative Canadian adults between April 21 and 23, 2021, in collaboration with Angus Reid. Quotas and weighting were used to ensure that the sample's composition reflects that of the Canadian adult population according to the latest census parameters. The precision of Angus Reid Forum online polls is measured using a credibility interval. In this case, the poll is accurate to within +/- 3 percentage points, 19 times out of 20, had all Canadians been polled. The credibility interval will be wider among subsets of the population. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.