

Absolunet.



COVID-19 and ECOMMERCE in CANADA

How COVID-19 is impacting
eCommerce in Canada + tools
to help businesses benchmark
their performance.

“

Canada is on the digital tipping point. In the future, we'll remember that there was a way of buying **BEFORE COVID-19** and **AFTER**.

Every Canadian business' eCommerce maturity is being tested and pushed to its limits to an extent we've never seen before.

”

- Charles Desjardins
Partner and Executive Vice President, Absolutnet

How is COVID-19 impacting eCommerce in Canada?

The economic crisis resulting from COVID-19, along with quarantines, social distancing and #StayAtHome is dramatically impacting Canadian consumer habits.

Here is the state of affairs according to the data analysis performed by Absolunet from March 11th to 29th, 2020.

Before and After the Pandemic: 38 Eventful Days

Impact and performance per sector, period over period (PoP) March 11th - 29th 2020 vs. the previous 19 days (February 25th to March 20th 2020).	Average per sector	Best growth
Furniture and home decor	+84%	+232%
Food and restaurants	+194%	+233%
Clothing	+62%	+160%
Sporting goods	+85%	+284%
Household appliances, electronics, building materials and renovations.	+71%	+345%

Observations

Almost all merchants are seeing significant revenue lift on their digital channels. This is especially true for “essential” items, but even the “under-performers” in this context are seeing only limited drops (see page 7). Those drops may be attributable to an inability to manage or deliver products for those shipping from stores or offering in-store pickup, as many or all stores may be closed.

eCommerce maturity (in terms of capacity, resource adaptability and operations) is enabling digitally mature companies to “turn on a dime” and quickly adapt to an increase in online demand.

2020 vs. 2019: Comparing March 11th to 29th

Growth in online sales per sector (YoY) March 11th - 29th 2020 vs. the same period in 2019	2020 vs. 2019	Best growth
Furniture and home decor	+106%	+282%
Food and restaurants	+160%	+209%
Clothing	+21%	+159%
Sporting goods	+105%	+186%
Household appliances, electronics, building materials and renovations.	+161%	+389%

Observations

By comparing the same period in 2020 to 2019, all 5 sectors analyzed are experiencing digital revenue growth. The more digitally mature sectors (clothing, furniture and home decor, for example) are showing slightly slower growth ("only" +90%), as they have been growing at higher rates for the past few years and the compounded growth is significantly higher.

The % of eCommerce revenue as it relates to global revenue is growing significantly. Merchants' past investments in digital seem to be paying off.

3 Critical Performance Indicators

Performance fluctuates greatly from one merchant to the next, even more so from one sector to the next.

The results have therefore been separated into 3 cohorts, defined by performance:

1. **Super performers**
2. **Performers**
3. **Under performers.**

The performance indicators listed here were used to categorize the results:

Revenue

The sum of online sales in dollars.

How much did you sell?

Traffic / Sessions

Total visits (sessions) on a site or across the merchant's combined digital platforms.

How many visits on your "digital real estate?"

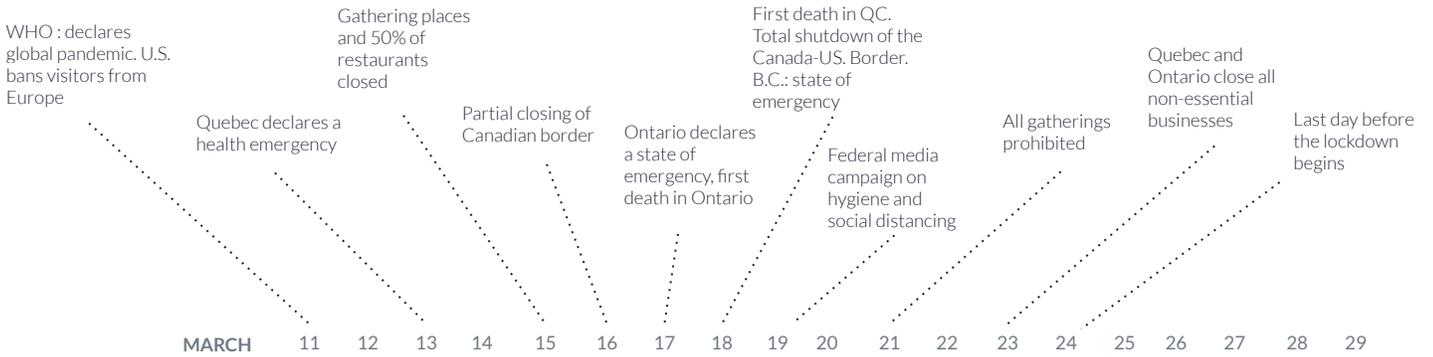
Conversion / Per Session Value

The sum of revenue, divided by the number of sessions or visits.

How much is each visit worth?

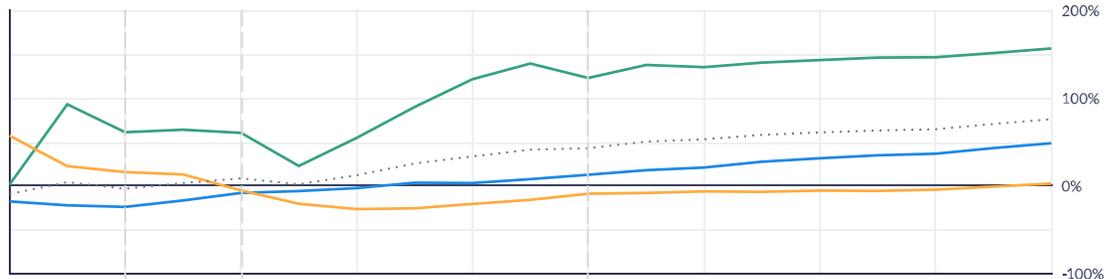
Performance Evolution Since March 11th 2020

Over-Performers Performers Under-Performers Average



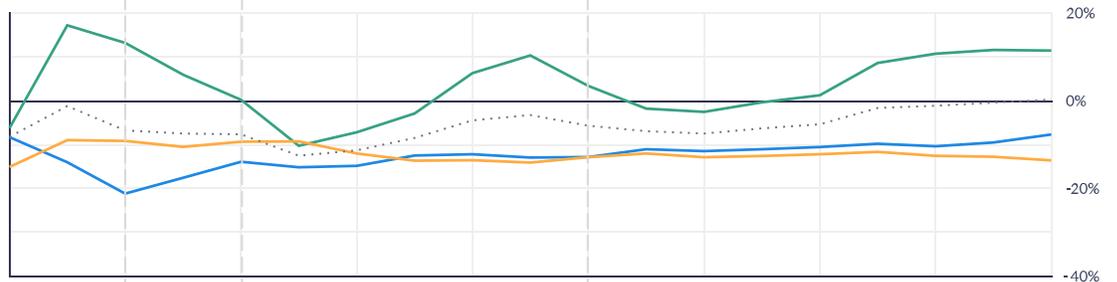
Online Sales

Cumulative growth in % (PoP)



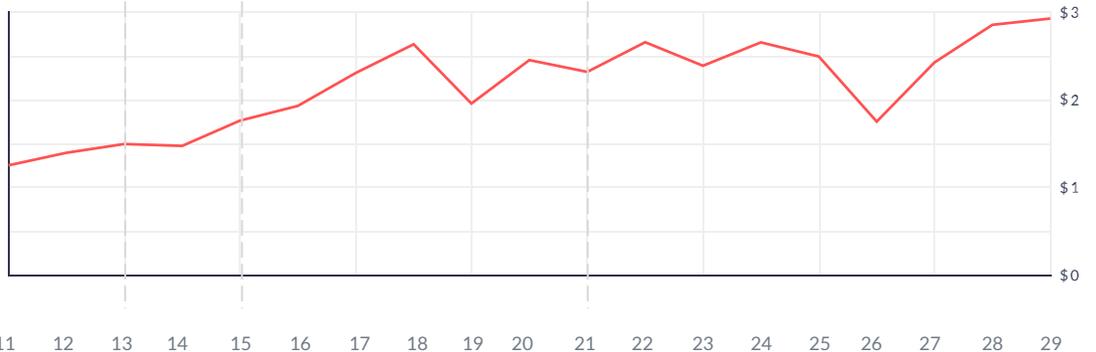
Sessions

Cumulative growth in % (PoP)



Per Session Value

All cohorts combined



How Do You Compare?

Tools and targets for merchants to measure, compare and adapt to achieve higher performance.

KPI # 1 : Revenues from online sales

Action: Measure your online sales from March 11th to 29th and compare with the 19 preceding days (February 20th - March 10th) to see where you rank.

Target: 30% growth or more

KPI # 2 : Sessions / Traffic

Action: Measure sessions on your site from March 11th to 29th and compare with the sessions from the 19 previous days (February 20th to March 10th).

Target: Session volume is stable compared to March 11th.

Nuance: The current context means that eCommerce websites are currently seeing less sessions but with visitors who have a higher intention to purchase, thereby increasing conversion rates, as well as KPI #3.

KPI #3 : Per session value

Action: Measure the per session value (PSV) from March 11th to 29th and compare with the PSV from the previous 19 days (February 20th - March 10th). Take the total revenue for each day and divide it by sessions from that day.

Target: \$2 or more per session. (The Over-Performers are currently seeing a PSV of almost \$4, which is comparable to Black Friday/Cyber Monday).

CODE RED: And if nothing is working? Prioritize per session value.

If every KPI is currently in the red on your eCommerce site, concentrate on generating at least \$1 per session to then progressively increase online traffic. Under the \$1 threshold, either visitors are not finding what they are looking for, or they are on your site for non-transactional purposes.

4 Major Trends

Regardless of the sector, the Over-Performers, Performers and Under-Performers are confronted with 4 major issues, each proportionately linked to their infrastructure and eCommerce maturity.

Increased demand for omnichannel

Customers are, more than ever, sensitive to free delivery, easy returns and no-contact delivery - all while respecting the instructions from The Public Health Agency of Canada and each province.

Accrued operational pressure

The ability to process orders and offer excellent client service depends largely on transportation capacity, inventory management systems and the ability to anticipate delays in delivery and closely follow cases that are sent to customer service - even with reduced personnel.

Revenues are up or down - no grey zones

Closely follow changes in your sales and adjust investments and strategies as needed. Put effort into communication channels, tactics and targeting. Alternatively, as the saying goes, "doing nothing is also a strategy."

Intentions to increase digital investment

Concentrate on rapid returns on investment in order to deploy more emergency omnichannel functionality to increase relevant and helpful contact with consumers. Use an Agile approach and MVP (minimum viable product) mindset to quickly respond as needed.

Our Perspective: Retail

Over the past two weeks, digital's share of merchants' revenues has approximately doubled. Those who were at 5% have gone up to 10%, from 25% to 50%, etc..

Merchants with +20% of revenue from eCommerce *before* the crisis are better placed to weather the storm, due partly to the fact that their customers already interact with them across various channels, as well as having fine-tuned their omnichannel and operational capacity over the past few years. Notwithstanding merchants selling "essential products", the lower the share of digital as a part of global revenue, the lower the chances are that the business can survive this crisis for long.

One thing is for sure: sites selling essential products should expect demand to remain strong.

It is difficult to predict what will happen for durable goods, especially in sectors like furniture, decoration, and household appliances where omnichannel is an important part of the customer experience. What proportion of sales recorded since the start of the crisis came from consumers who had visited a store in the weeks preceding the shutdown? A fair amount, according to the data. While online sales are increasing, there may be a slowdown in coming weeks. Time will tell.

We further predict that companies with extended catalogues of replacement parts and renovation products will see a surge in digital demand in the coming months.

Our Perspective: B2B

For B2B companies, it is all or nothing. Commercial dynamics vary greatly from one industry to the next and the variation in volume is directly linked to sector.

Companies selling through both traditional and digital channels are better positioned than those who are 100% dependant on traditional channels.

For distributors, many of whom sell equipment and replacement parts, those who have invested in creating easy-to-navigate parts catalogs will do well in the coming weeks and months, as demand for replacement parts (versus equipment overhaul) increases ... as is the case in any economic crisis.

For those who can, this crisis represents an important opportunity to accelerate systems integrations and systemic organizational shifts to digital.

— Sessions % change — Transaction Revenue % change — Per Session Value

B2B Results

Cumulative growth in % (POP) and Per Session Value (PSV)



Methodology

Using data from Google Analytics, this index draws from the examples of 50 Canadian merchants by comparing revenues and sessions in the 19 days before and after March 11th 2020. The graphics show combined performance of the merchants' online sites and presents cumulative average growth over these periods.

Disclaimer

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A North-American eCommerce Agency

Since 1999, Absolunet has helped North-American manufacturers, distributors and merchants bridge the gap between how they sell and what customers expect in the digital economy.

Known for its annual Top 10 eCommerce Trends report, Absolunet has the highest certifications on several eCommerce platforms: Adobe Gold Partner, Magento Enterprise Solution Partner, InSite Platinum partner, Episerver Gold Partner and inRiver's North American Partner of the Year for 5 years running.

Today with 250+ employees in Canada and the U.S., Absolunet helps merchants better serve their customers by modernizing the tools, infrastructures and interactions that are essential to their growth.

Let's Talk.

For all questions about this report:
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