

RESEARCH

Amazon poised to gobble up Canadian ecommerce sales: L2

March 24, 2014



By JOE MCCARTHY

A new report by L2 and Google Canada found that a shabby omnichannel environment in Canada has pushed consumers to look across the border for ecommerce, clearing the field for Amazon.

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Although the vast majority of sales occur in-store, Canadian consumers are beginning to tilt in the direction of ecommerce, which logically leads toward Amazon. However, if retailers effectively leverage bricks-and-mortar locations, they may be able to fend off the digital retailer.

"We were surprised that most retailers weren't taking the Amazon threat more seriously and responding with investments in fulfillment infrastructure, particularly as Amazon.ca continues to move into highly competitive product categories following the launch of Prime in Canada," said Claude de Jocas, lead researcher of the report at L2, New York.

"The department stores category in Canada hasn't had the same burning platform as in the U.S. to launch aggressive digital and omnichannel programming," she said.

"As a result, organizations ranging from Hudson's Bay to Sears Canada to Holt Renfrew

have moved slowly, leaving the door wide open for Nordstrom and other international entrants."

The Omnichannel Retail: Canada report examines 50 retailers operating in the Canadian market.

L2 benchmarked organizations across 10 categories, examining site, email, digital marketing and mobile data in an effort to determine the organizations and best practices that deliver an omnichannel experience.

Picking cherries

Forrester Research found that 68 percent of Canadian shoppers shop online from retailers outside of the country. Seventy-two percent of these respondents said that a primary incentive for looking elsewhere is that domestic sites often fail to carry desired products.

Amazon Canada has pounced on this vacancy with the launch of 14 new product stores in 2013 and the arrival of Amazon Prime.



From L2 Omnichannel Retail: Canada report video

Consumers view timely shipping as the chief factor contributing to ecommerce decisions, which grants Amazon even more power to wield since the engine of Prime is super-convenient shipping.

To combat Amazon's imperial ambitions, retailers should set up programs similar to Prime, the report argues. Of course, those without ecommerce have a lot of catching up to do.

Compounding the digital exodus, only 30 percent of the Canadian-based retailers studied offer shipping outside of the country.

Canadian ecommerce sites trail behind counterparts in the United States and Britain in just about every aspect. For retailers that are not ecommerce-enabled, the reality is even starker.

Embedded Video: [//player.vimeo.com/video/88881469?title=0&byline=0&portrait=0](https://player.vimeo.com/video/88881469?title=0&byline=0&portrait=0)

L2's Omnichannel Retail: Canada

Easy in theory and practice

Basic Web site functions such as product videos, product ratings, live chat and more are

neglected by both ecommerce-enabled and non-ecommerce-enabled retailers. Such deficiency clearly influences consumers to look elsewhere.

Some retailers are taking steps to integrate their inventory and improve fulfillment capabilities. Twenty-eight percent of retailers featured real-time inventory and 14 percent offered online reservation and in-store play.

However, L2 assures retailers that competitive progress can be made if companies make the necessary investments.

In the meantime, retailers should send emails and post on social media to ensure that consumers are aware of digital changes whenever they are made. Also, informing in-store associates of the latest digital activity will smooth the transition.

Rather than seeking to stoke mobile sales, brands should leverage mobile to assist in-store activity. Twenty-one percent of mobile sites studied had links to store locators from product pages and 24 percent had real-time inventory.

The report explores Web sites and ecommerce, email, CRM and loyalty, digital marketing and mobile in far greater detail.

"Even in areas where Canada over-indexes versus other mature markets, such as participation in retail loyalty programs, digital is de-prioritized," Ms. Jocas said. "Only three loyalty programs in Canada have been fully integrated with a mobile app, leaving many iconic programs largely analog.

"In a cross-market comparison of retailers operating globally, organizations were least likely to invest in SEM in Canada, versus the U.S. or the U.K., and ignored Google omnichannel ad extensions that drive a customer in-store," she said.

Final Take

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