2010 Canadian Online Shopping Study Summary : eCommerce / Mobile / Cross Border

A study prepared by J.C. Williams Group and sponsored by Visa

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Objectives and Methodology

Objectives:

- The objective of the 2010 multi-channel study is to:
  - provide longitudinal comparisons to the core elements in the 2007 study. These include:
    - General online shopping behaviour and shopping profiles
- In addition, online shoppers were surveyed about their ownership and usage of mobile phones

Methodology:

- An online survey was conducted in August 2010 among Canadian online* shoppers
- A total of 1,000 individuals were surveyed and the sample was nationally representative of the Canadian population

* *Those who have made an online purchase in the past six months*

Summary of Findings

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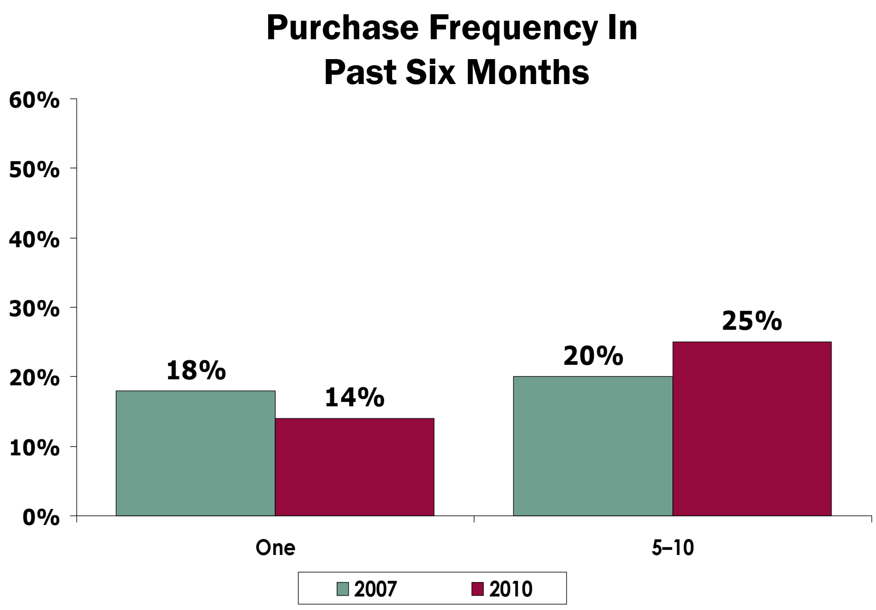
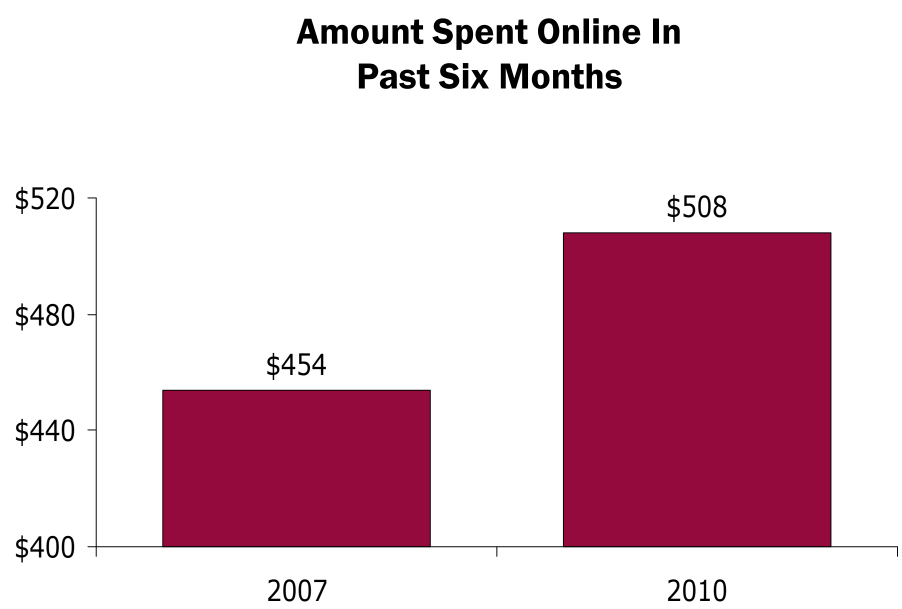
Summary of Findings
(eCommerce Shopping Behaviour)

- **In 2010, the number of respondents who indicated they have made 5–10 purchases in the past six months rose to 25% from 20% in 2007**
  - This corresponded with a decline in the percentage of people who only made 1 online purchase in the past six month period (14% in 2010 vs. 18% in 2007)



Summary of Findings
(eCommerce Shopping Behaviour)

- **With a higher number of respondents making more purchases, it has also resulted in a higher average spend in the 2010 study. On average, online purchasers spent $508 in 2010, a 12% increase over 2007**
  - Heavy online shoppers* spent twice as much as the average ($1,115 vs. $508) and over 200% more than Light shoppers ($327)



** -Heavy Online Shopper – made 11+ online purchases in the past six months*
Light Online Shopper – made between one and four online purchases in the past six months

Summary of Findings
(eCommerce Shopping Behaviour)

- **Compared to 2007, the products purchased most often were similar:**
  - Books/magazines
  - Music/DVDs/videos (both pre-packaged and digital downloads)
  - Tickets
  - Clothing, accessories and footwear

- **Credit cards are the payment type used most often for online purchases**
  - Among credit card users, Visa is the card used most often

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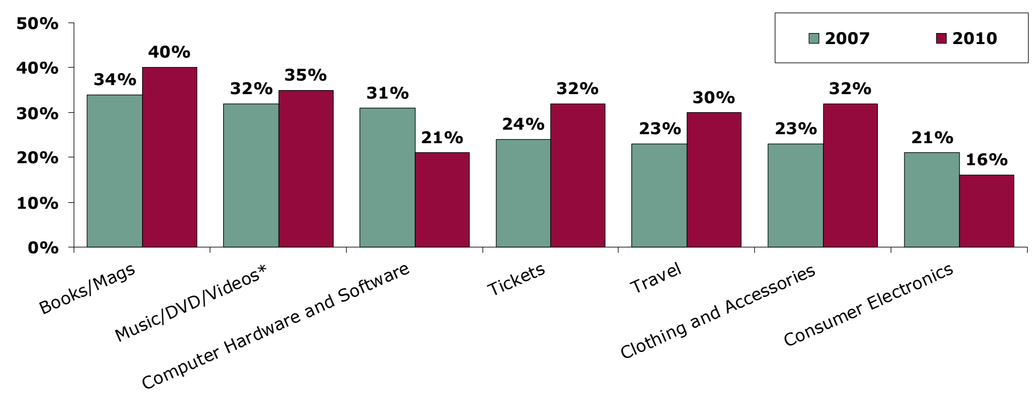
Implications for Retailers
(eCommerce Shopping Behaviour)

- Supply Aligning with Demand
  - the online channel continues to grow and supply and demand are becoming more aligned
  - Canadians are becoming more comfortable with the online channel, which is likely to result in higher conversion rates
  - The online experience, particularly from US online retailers is improving

Categories Bought In Past Six Months

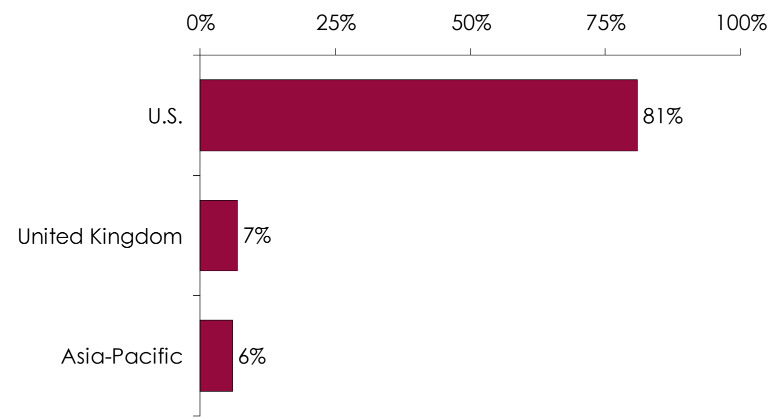


** -Music/DVD/Videos – includes both pre-packaged and digital downloads*

Summary of Findings
(eCommerce Shopping Behaviour – Cross-border)

- **Eighty percent of online shoppers indicated they have made a cross-border purchase and the U.S. was the location that most of those purchases were made**
  - The United Kingdom (7%) and Asia-Pacific (6%) round out the top three shopping locations around the globe
  - Among those who have made a purchase from a U.S. retailer, the majority (83%) indicated they had made between 1–4 purchases and spent on average $211 on their last cross-border purchase

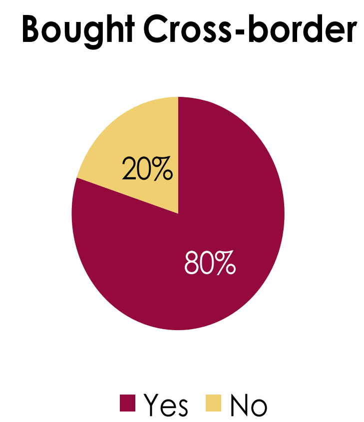
Location of Cross-border Purchases
(Among those purchasing cross-border)

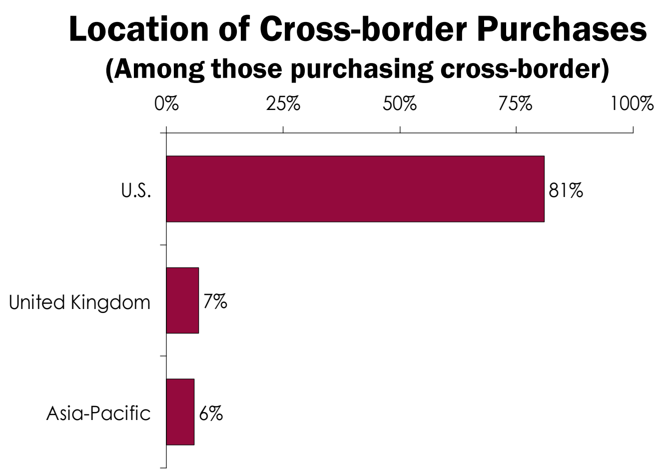


- **Shipping costs continues to be a key barrier to cross-border purchases. When respondents were asked why they are not making more cross-border purchases, some of the reasons stated include:**
  - "High shipping costs" (54%)
  - "customs duties" (51%)
  - "extra shipping fees" (39%)
  - "Can get the same product in Canada" (39%)

Implications for Retailers
(eCommerce Shopping Behaviour – Cross Border)

- Cross Border Shopping Now Mainstream
  - Improved shopping experience at U.S. online retailer websites significantly increases competitive pressures on Canadian retailers
  - As cross-border online shopping expands beyond the U.S. market (as a result of the Canada's ethnic diversity) retailers will need to align themselves with solutions providers who are able to satisfy those diverse needs

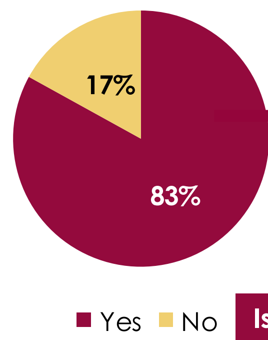




Summary of Findings
(Mobile)

- **Ownership of mobile phones edged up to 83% from 80% 2007**
  - Among mobile phone owners, one-third (33%) indicated that their mobile phone is a smartphone
  - Two-thirds of mobile owners (66%) only use their phones for talk and/or SMS.
  - About 10% indicated they use all of the features and applications that are available on their mobiles (e.g. voicemail, SMS, email, social media)
    - Among the 10% that use these features: browsing websites (80%), locating stores (65%), and checking and comparing prices (61%) are the activities they do most often.
    - Paying bills (27%) and participating in online auctions (17%) are used by a lower percentage of respondents

Mobile Phone Ownership



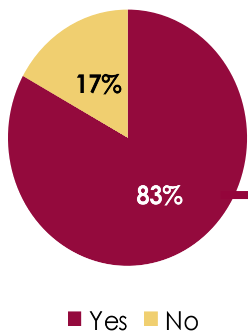
Is your Mobile Phone a Smartphone?	%
Yes	33%
No	67%

- **Five percent of mobile phone owners have made an online purchase via their mobile**
  - Of these, 84% have made 1–4 purchases and the majority of purchases have been under $100

Implications for Retailers
(Mobile)

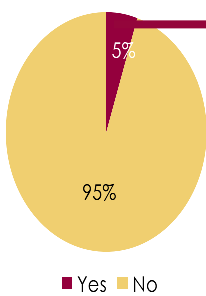
- **Mobile Shopping Off to a Slow Start:**
  - Canadian retailers need to embrace mobile technology and develop applications to enable shoppers to purchase using these devices
  - Mobile based customer strategies, which are popular overseas, will need to be adopted soon as the market reaches critical mass for this technology

Mobile Phone Ownership



Is your Mobile Phone a Smartphone?	%
Yes	33%
No	67%

% Buying via Mobile



Frequency of Purchasing Online Using Mobile Phone in P6M	%
Once	51%
2–4 times	33%
5–10 times	13%
11+ times	2%

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