order dynamics RESEARCH

Omni-channel Research

OMNI-2000 Research: Canada

Are Retailers Truly Offering Omni-channel Services To Shoppers?

Executive Summary

This report details the customer buying journey based on research specific to the retail market in Canada. It uses the random-walk method investigating 281 Canadian-based retail chains, with a minimum of 10 store locations.

Key findings for the Canadian retail market include:

- **31.0%** of retailers offer Click and Collect
- **76.4%** of retailers with an e-commerce platform offer a form of free shipping
- **34.5%** of all retailers offer basic active inventory visibility
- **13.9%** of all retailers provide free return deliveries
- **74.7%** of omni-channel retailers offer Buy Online Return In-Store (BORIS)
- **71.2%** of retailers have a mobile responsive site
- **19.5%** of omni-channel retailers have an active shop on Instagram

With over 2,000 retail chains globally reviewed in-depth, the Omni-2000 provides an increasingly robust view of the modern retail market. Of the countries reviewed in the Omni-2000 Global research, the Canadian market is second to last, just behind the U.S., for the least amount of in-store pickup options. As originally reported in the Omni-1000 report, Canada remains in the omni-channel development phase.

Neverthless, there have been improvements since the Omni-1000 report. Canada currently has 70% more retailers offering e-commerce and over 50% more retailers are now offering free shipping. A very significant step forward for the Canadian market is in the minimum basket value (MBV) for free shipping. In the Omni-1000 report, the average MBV for Canada was C$60.87 but, in this report, the MBV is C$48.89.

Opportunities for improvement still exist in Canada. Shoppers are rapidly gravitating toward social media shopping as another retail channel. Yet, only 14.9% of the entire retail market have the ability to sell on Instagram.

As Canada continues to positively develop their omni-channel retail capabilities, they have to focus on providing customers with the seamless journey they demand.

CONTENTS

Research Methodology

The OrderDynamics Omni-2000 research is based on a 'random-walk' methodology, directly assessing retailer websites for the presence of omni-channel capabilities. Researchers took a shopper's perspective to uncover which merchants offer Click and Collect / Buy Online Pickup In-Store (BOPIS) services today. The random-walk approach means this research did not expressly include or exclude retailers based on pre-defined market ratios. Although, the random-walk methodology appears haphazard, there is a high level of consistency across categories, countries and other data points.

For Canada, a total of 281 retail chains were reviewed. The full Omni-2000 Global research initially investigated over 5,000 merchants, narrowing in on 2,026 with 10 or more stores and a web presence. The following pages articulate further details about the omni-channel market in Canada, retail sub-sectors, chain sizes, and e-commerce platforms.

Data collection and analysis for the OrderDynamics Omni-2000 Canada report spanned from August to October 2018. This research reflects the offerings that retailers in the study express through their websites. In effect, this is what shoppers experience during the buyer's journey.

As expressed above, retailers selected for the study include only those with 10 or more physical store locations. Included retailers each have a web presence, be it merely a website, or an e-commerce platform (eCP) for purchase. Not all retailers in the study had online order-taking capabilities.

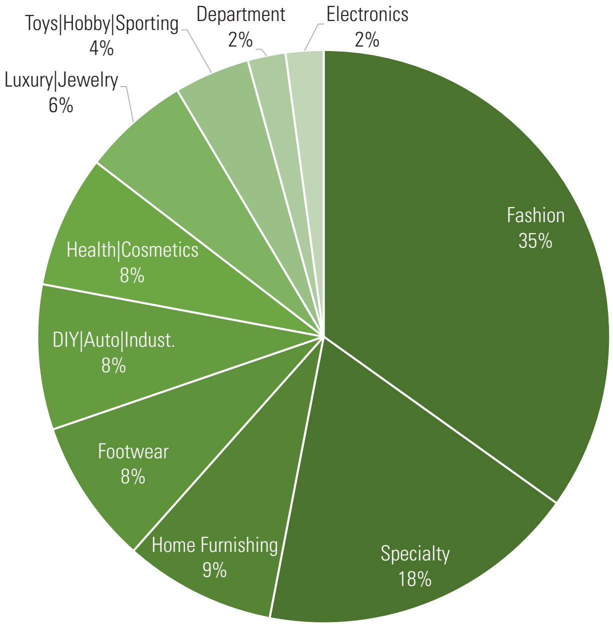
Forty data observations were collected for each retailer in the research, culminating in 11,240 data points for Canada. Some of the core data are visualized in various charts throughout the report. Readers ought to be cognizant of certain smaller sample sizes for some of the sub-sectors. This means drawing conclusions from small sample size groups, should be considered directionally indicative, rather than statistically robust.

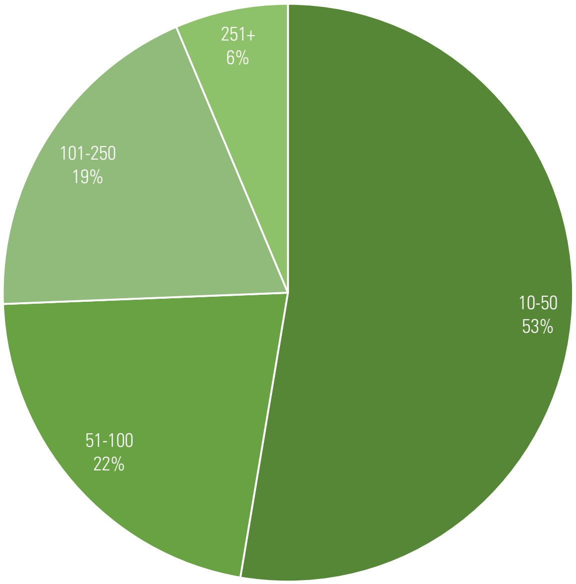
Contact OrderDynamics directly for further questions. If you are a retailer and would like to know if your organization was part of this research, we would be pleased to share these results with your senior management team. Call directly, or fill out an Omni-Score request form. We will connect with you as quickly as possible.

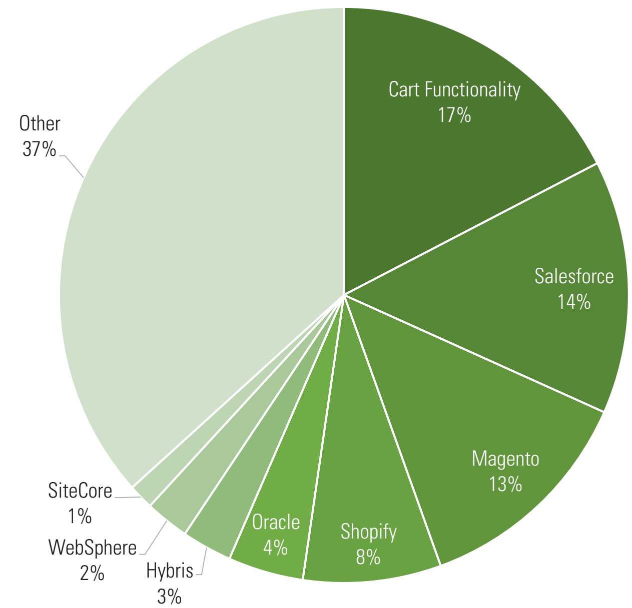
REFERENCES

1. Big Commerce. (2018). Omni-channel Retail Is The Future of Commerce (2018 Data Trends). Retrieved from http://bit.ly/OmnichannelRetail
2. BookingBug. (2016). "The Modern Consumer". Retrieved from http://bit.ly/BookingBug-TMC
3. OrderDynamics. (2017). Omni-1000 Research: Canada. Retrieved from http://bit.ly/Omni-1000-Canada
4. OrderDynamics. (2017). Omni-1000 Research: Global. Retrieved from http://bit.ly/Omni-1000-Global
5. OrderDynamics. (2017). Omni-channel Retail ROI - Does it Exist?. Retrieved from http://bit.ly/OD-Blog-RetailRoi
6. OrderDynamics. (2018). The Rise of the Click and Collect Superconsumer. Retrieved from http://bit.ly/OD-Superconsumer
7. OrderDynamics. (2018). Omni-2000 Research: Global. Retrieved from http://bit.ly/Omni-2000-Global
8. Salmon, K. (2017). See now, buy now. Retrieved from https://accntu.re/2AWLgvj

Research Methodology







Retail Sectors

As originated in the Omni-1000 research, a random-walk approach provides a natural breakdown as shown above. Fashion is 35% of the retail market. Specialty goods like gifts, cards, candles, musical instruments and such, weigh in at 18% of the retailers reviewed. This followed by smaller groupings of Home Furnishings at 9%, and Footwear, DIY|Auto|Industr. and Health|Cosmetics at 8%.

Store Count Sizing

Retail chain sizes in the research seem characteristic of the market. The largest proportion is the mid-market retailers of 10-50 stores (53%). The remaining 47% split between the upper mid-sized (51-100 stores) and the enterprise-sized retailers (101-250 stores and 251+ stores - taking the latest one only 6% of the share).

eCommerce Platform (eCP)

Using Builtwith to determine the eCP systems, Cart Functionality has the largest presence at 17%. Enterprise-class systems follow with Salesforce in the lead at 14%, followed by Magento (13%), Shopify (8%), and Oracle (4%). The Other category (37%) comprises unknown systems, which could have been built in-house (by the retailer) or by other small vendors.

N=281
Source: OrderDynamics, Oct 2018

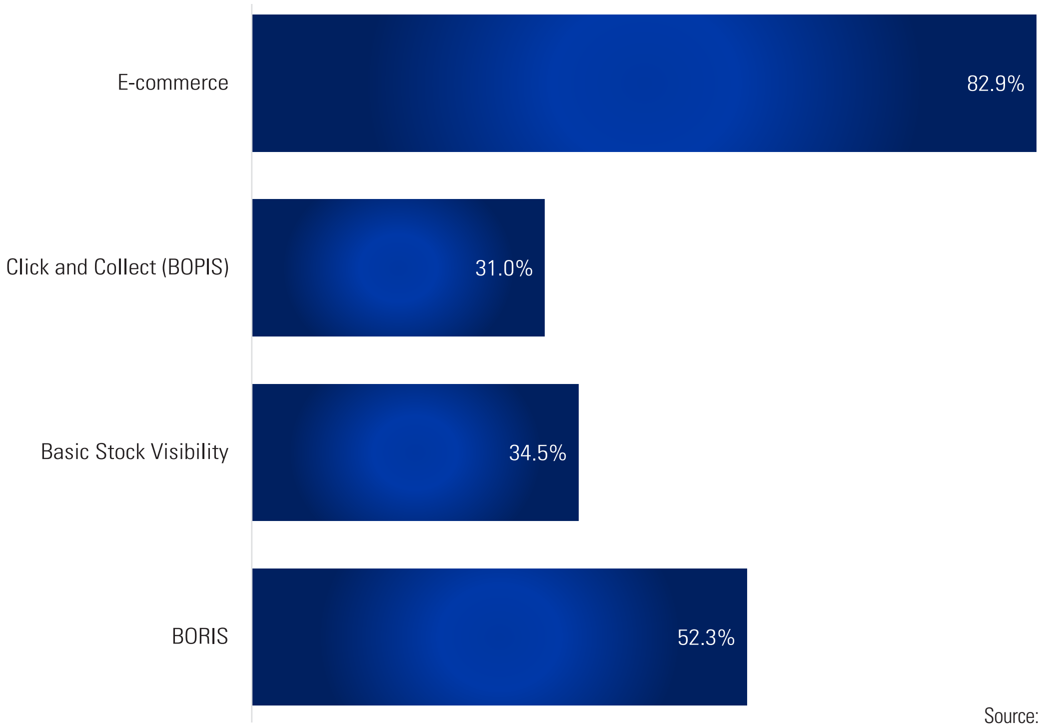
Canadian Snapshot

Many retailers in Canada have an active e-commerce business, at 82.9%. This is just below the global average of 86.3%. Although good, for a North American country with a growing, competitive online retail market, the level should start approaching 100%. Canada is second to last in the list of countries with percentage of retailers with Click and Collect offerings, at only 31.0%.

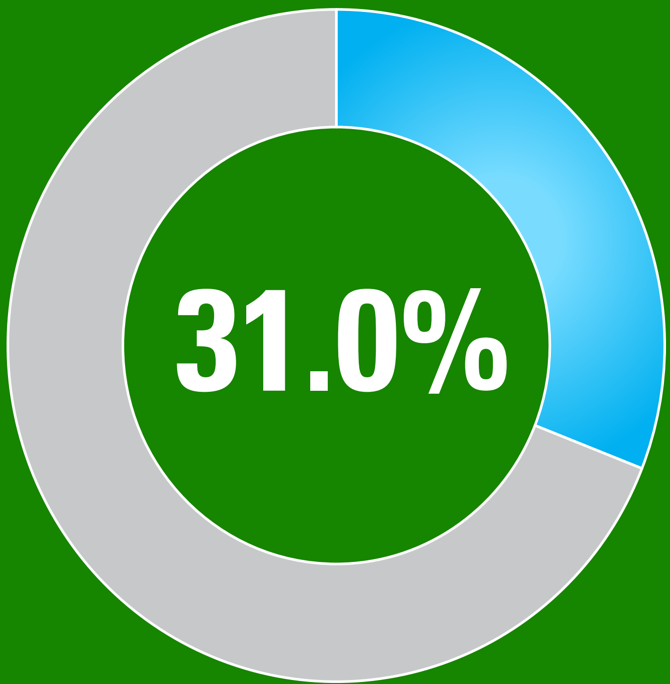
Retailers in Canada have done a good job at informing consumers, with 69% of omni-channel retailers advertising their Click and Collect services on the front page of their website. Although Australia is ahead at 74.5%, the lowest country for first page ads is the U.S. at only 27.5% of retailers.

BORIS (Buy Online Return In-Store) is another positive area for merchants in Canada with 52.3% offering the service.

CAPABILITIES SNAPSHOT



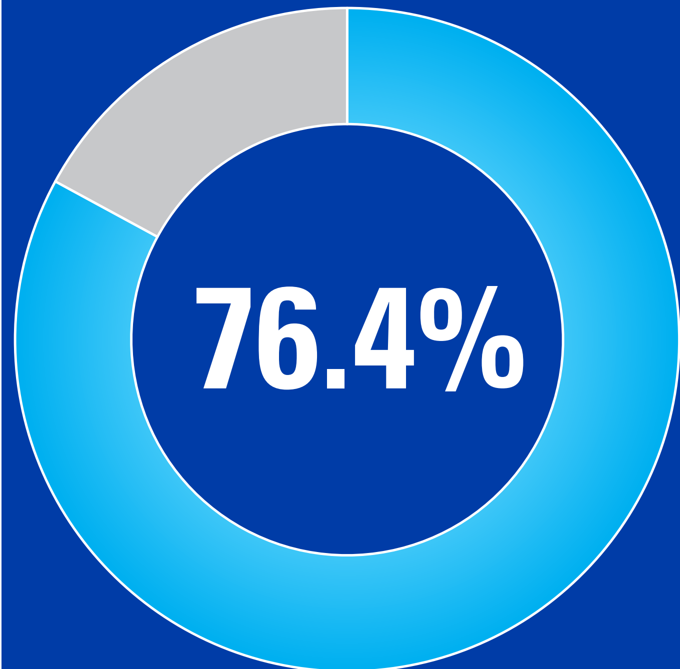
N=281
Source: OrderDynamics, Oct 2018



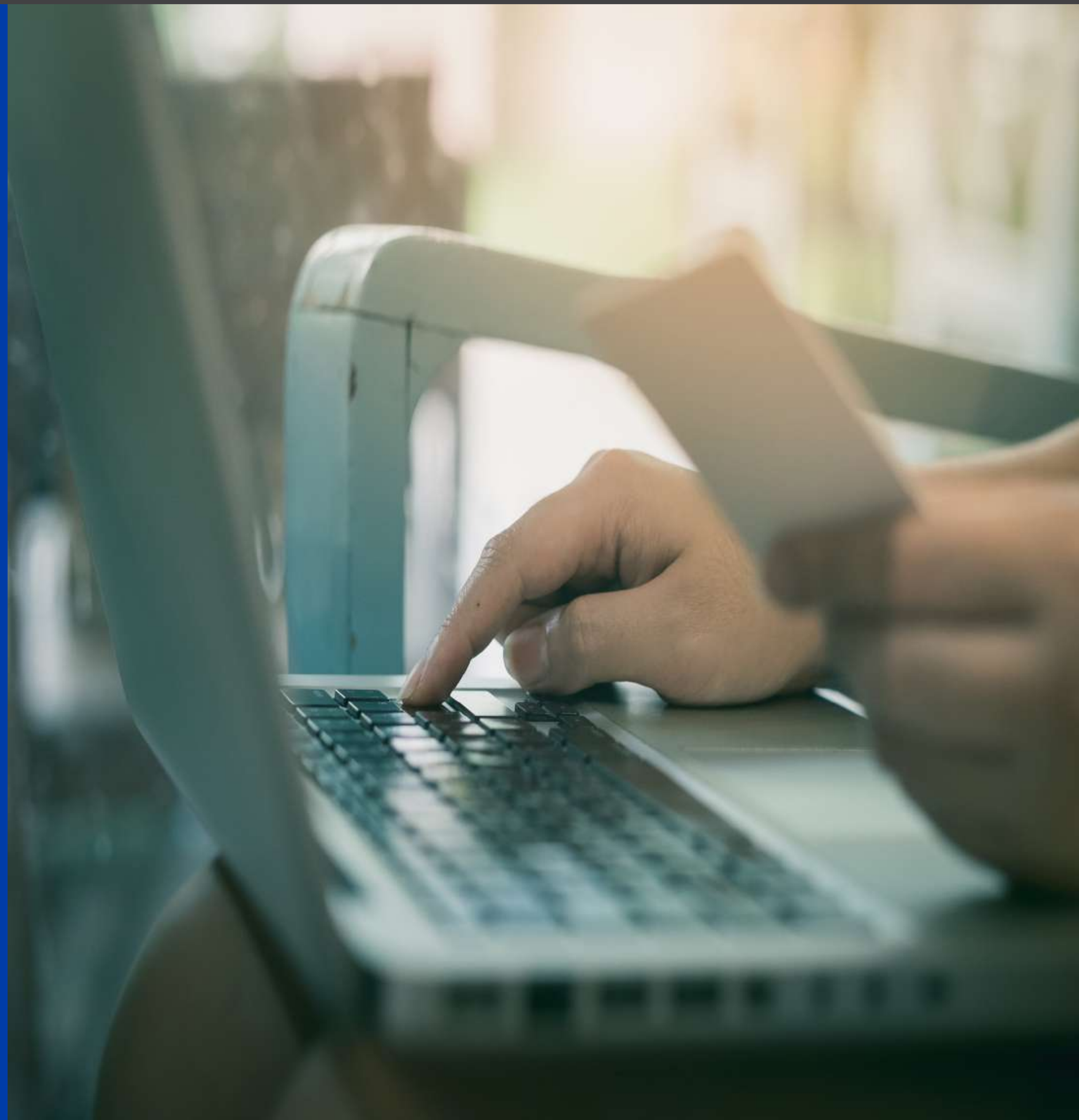
"31.0% of Canadian retailers offer Buy Online Pickup In-Store (BOPIS)."

eCommerce and Free Shipping

order dynamics



"76.4% of Canadian retailers with an eCP offer a form of free shipping."



eCommerce and Free Shipping

Eighty-two-point nine percent (82.9%) of Canadian retailers use e-commerce to sell goods. Of them, only 76.4% offer a certain form of free shipping.

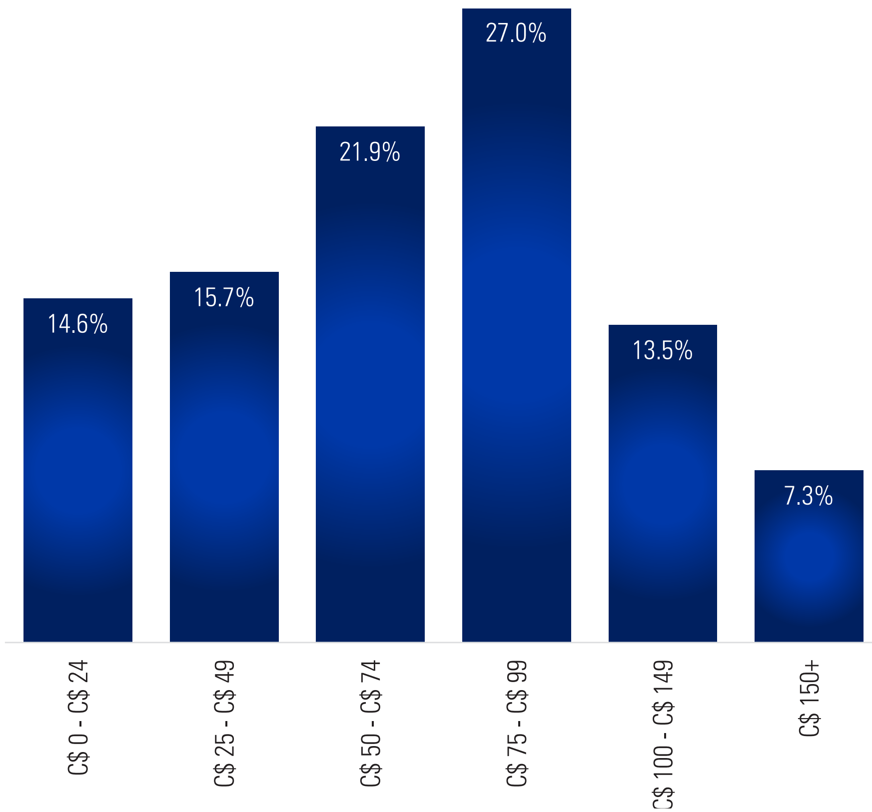
Approximately half of retailers that offer this type of service offer free delivery for baskets of goods less than C$74. It is worth noting that the 3 ranges C$0-C$24, C$25-C$49, and C$100-C$149 are similarly approximately. Each of them is almost 15%, or closely to 50% of the market, while the C$50-C$74 range is at almost 22%.

Competition among shipping companies makes delivery options for retailers an interesting situation. Continuous strikes by Canada Post has given rise to independent shipping companies who are taking advantage of retail's needs. Canadian retailers are encouraged to investigate these new shipping options as customers continue to make demands for faster, cheaper delivery.

Amazon delivery pricing is directly related to what items you are shipping and where you are in Canada. This variance makes it difficult to comment on how Amazon delivery pricing competes with the research on free delivery in this report.

What is interesting is that the minimum basket value (MBV) for free shipping by Canadian retailers has gone down significantly since the Omni-1000 report. In 2017, the MBV for Canada was an average of C$60.87. Research in this report finds that the average MBV for Canadian retailers is now C$48.89. This is a very strategic move for retailers in Canada.

FREE SHIPPING WITH MINIMUM PURCHASE



N=178
Source: OrderDynamics, Nov 2018

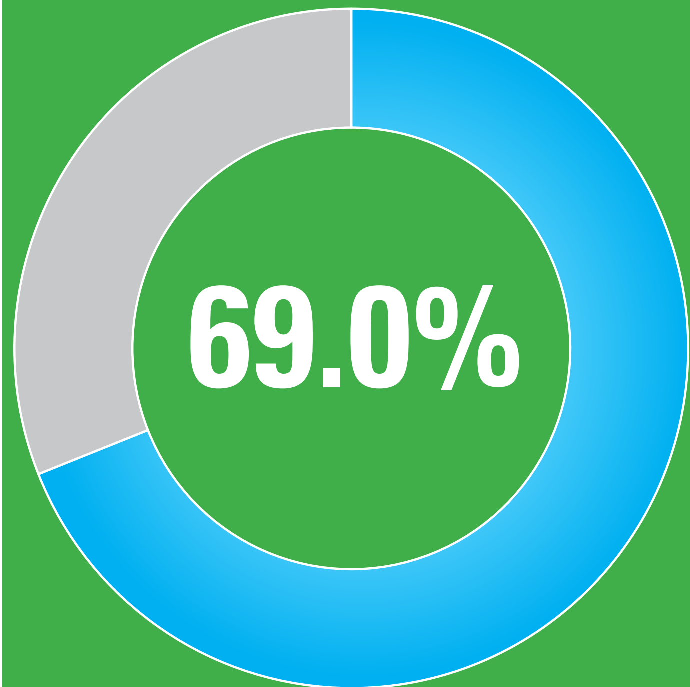
Free Delivery By Retail Sector

Since 76.4% of Canadian retailers with an e-commerce platform provide free delivery, the offering is expected by consumers. Electronics is most likely to provide free shipping, with 100% of merchants doing so. The most surprising result among Canadian retailers were DIY|Auto|Indust. stores, with only 42.9% offering free shipping.

Minimum order basket average sizes are largest for Home Furnishing at C$165.27. Conversely, the smallest average minimum basket size to qualify for free delivery is the DIY|Auto|Indust. retail sector at C$30.33. The Home Furnishing retail sector shows the highest basket value (C$498.00) for accessing free shipping services. In this case, merchandise can be either very large format, heavy, or requiring special handling to avoid damage.

Retail Sector	Retail Chains	Retail with eCP	Offer Free Shipping		Min. Basket for Free Shipping	
			All	%	Avg	High Value
Fashion	98	87	73	83.9%	$72.05	$200.00
Specialty	51	37	28	75.7%	$65.82	$250.00
Home Furnishing	24	20	11	55.0%	$165.27	$498.00
Footwear	23	21	15	71.4%	$63.87	$250.00
DIY|Auto|Indust.	23	14	6	42.9%	$30.33	$49.00
Health|Cosmetics	21	18	16	88.9%	$44.06	$75.00
Luxury|Jewelry	17	16	13	81.3%	$67.62	$199.00
Toys|Hobby|Sporting	12	12	10	83.3%	$71.50	$149.00
Department	6	6	4	66.7%	$87.00	$99.00
Electronics	6	2	2	100.0%	$49.75	$99.00
Total	**281**	**233**	**178**	**76.4%**	**$71.53**	**$498.00**

N=233
Source: OrderDynamics, Nov 2018



"69.0% of omni-channel retailers inform customers about in-store pickup on the first page of their site."

Click and Collect Profile

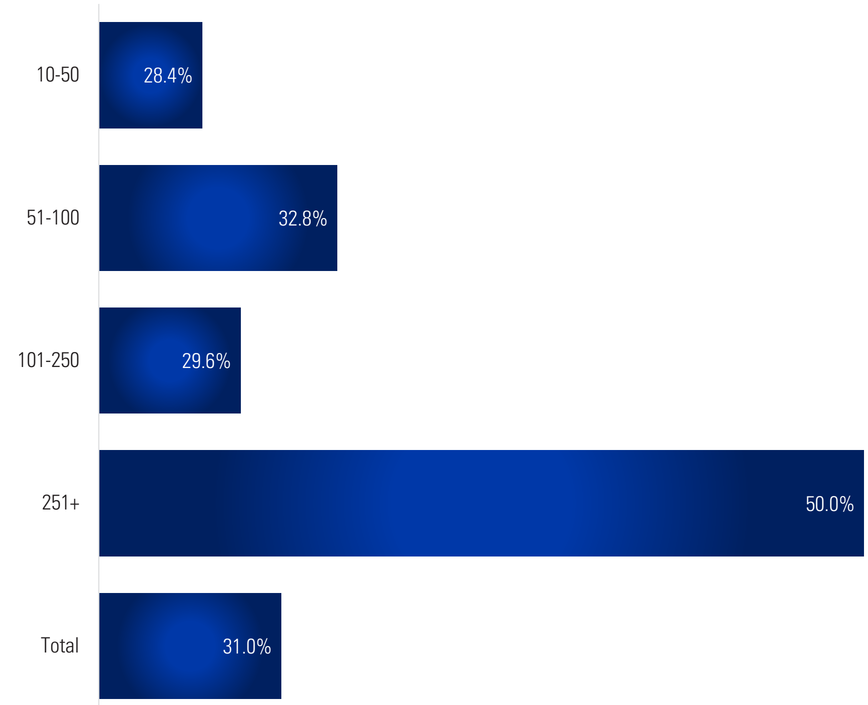
The global market profile shows a clear and distinct correlation between retail chain size, and the adoption of Click and Collect as an offering. In other words, the availability of Click and Collect rises as the size of the retail chain grows. Globally, 48.6% of enterprise-sized (251+ stores) retailers offer Click and Collect services. This compared to only 31.5% of small retail chains (10-50 stores) worldwide.

Like the global pattern, the Canadian market's highest omni-channel rate of adoption is with retail chains with 251+ stores, at 50%. Second are the small-to-medium-sized retailers (51-100 stores) at 32.8% adoption. As the omni-channel market matures, the size of the retail chain becomes less of a factor in the service adoption. Above the 50-stores level, all retailers show a similar adoption of Click and Collect practices (ad on the first page about the service, 'How To' FAQ section, and pickup alerts).

Observations in this report focus on ads on the first page of a retailer website. In this regard, 69% of all Canadian retailers offering Click and Collect inform customers about their omni-channel capabilities up front. However, it is notable that small-to-medium-sized retailers (51-100 stores) are most likely to provide this information on the first page, with 85%.

Canadian omni-channel retailers have further encouraged the use of Click and Collect with 'How to' instructions on using omni-channel services. Currently, 75.9% of Click and Collect retailers have added these instructions for consumer benefit. Likewise, 74.7% of Canadian retailers offering omni-channel services indicate that pickup alerts will be provided when items are ready for pickup.

CLICK AND COLLECT ADOPTION BY RETAILER STORE COUNT



N=87
Source: OrderDynamics, Nov 2018

Chain Store Count	Retail Chains	Click and Collect		C&C (*) Ad on 1st Page		'How To' FAQ		Pickup Alert	
		Count	%	Count	%	Count	%	Count	%
10-50	148	42	28.4%	24	57.1%	27	64.3%	27	64.3%
51-100	61	20	32.8%	17	85.0%	16	80.0%	16	80.0%
101-250	54	16	29.6%	12	75.0%	15	93.8%	15	93.8%
251+	18	9	50.0%	7	77.8%	8	88.9%	7	77.8%
Total	**281**	**87**	**31.0%**	**60**	**69.0%**	**66**	**75.9%**	**65**	**74.7%**

(*) C&C: Click and Collect

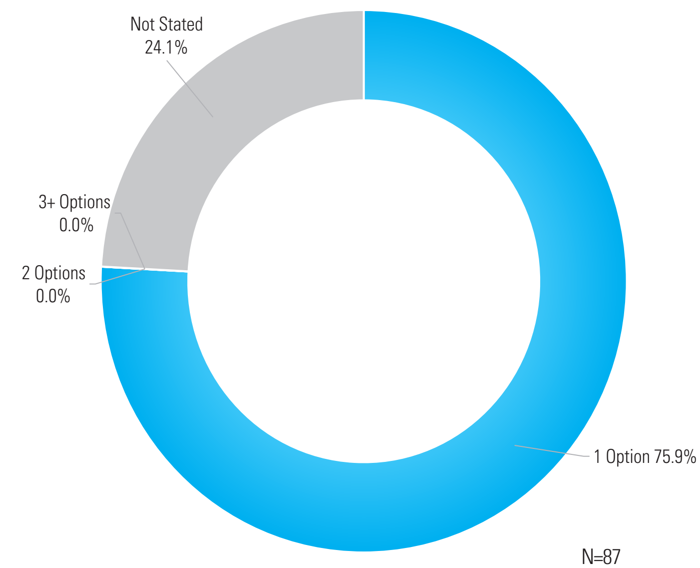
Click and Collect Options

75.9% of Canadian omni-channel merchants refer to only one pickup option, or default to an in-store pickup for customers. 24.1% of retailers do not state the pickup options at all.

In-store pickups truly are the best option for retailers. While in-store, 40% - 59% of customers will purchase additional merchandise.[5,6] So, the best option for retailers is to run pickup collection in your own store, to maximize sales. However, offering partner pickup is a good option as well. As long as both partners reciprocate, then it increases store traffic, with a chance of additional conversions.

It is always a good practice to cater to customer needs. If customers want more options, then giving them more choices - when your competitors are not - becomes an advantage. So, while offering a pickup locker in a third-party location may not result in an additional point of pickup sales during collection, it is likely to result in future loyalty, due to the convenience provided to the customer.

PICKUP OPTIONS



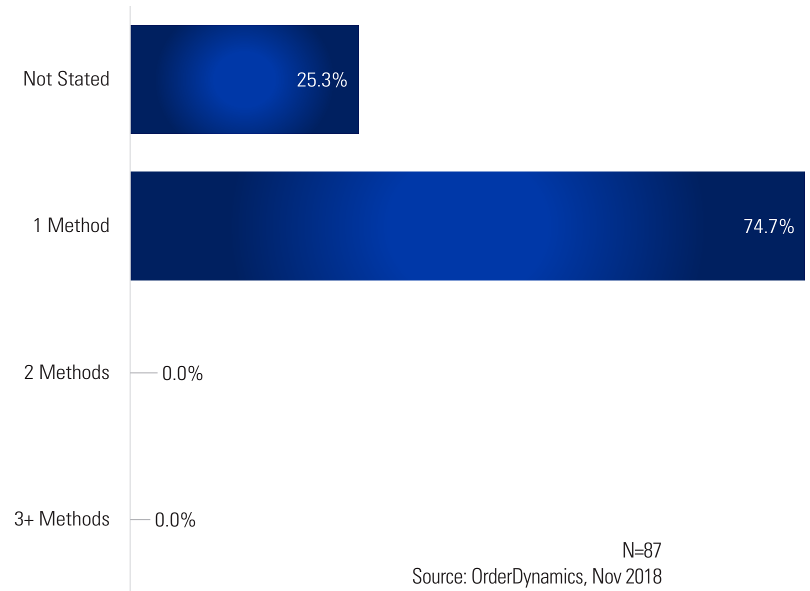
N=87
Source: OrderDynamics, Nov 2018

Pickup Notifications

Pickup notifications advise customers that their order is ready for collection. The vast majority of Canadian omni-channel merchants offer only one notification method. Typically, this is an e-mail notification. 25.3% of Click and Collect retailers do not state their notification methods at all.

This is perplexing. All retail chains in this investigation need robust order management technology to effectively co-ordinate and run an omni-channel business. A good order management system provides flexible communication capabilities. This means it will connect to any number of communication systems, such as email, interactive voice response, text, social, chat, or other communication portals. Increasing notification options does not immediately correlate to additional sales, but it does add to the convenience offered to customers, thus leading to greater brand loyalty.

NOTIFICATION METHODS



N=87
Source: OrderDynamics, Nov 2018

Engaging Customers

Broken out by industry sector, omni-channel adoption varies considerably. Health|Cosmetics adoption is only 4.8%, whereas adoption in Home Furnishing is 54.2%. The second lowest adoption is Luxury|Jewelry at 23.5% followed in third by the Specialty retail sector at 27.5%. While it is not surprising that Health|Cosmetics was lower, it is significantly lower than the 22.4% seen at the global level.

Canadian retailers are advertising omni-channel services prominently, with the majority of retailers showcasing omni-channel services on the first page. There are no industries where less than half of all retailers advertise Click and Collect on the front page of their website. Health|Cosmetics and Department retailers lead this home page advertising with 100%.

As noted earlier, the 'How To' instructions and pickup alerts for Click and Collect pickups, are well done. 75.9% of retailers that offer the omni-channel service, provide instructions on its use, and 74.7% state that at least one form of pickup alert is available for shoppers.

Retail Sector	Sector	Click and Collect Available		First Page Click and Collect Ad		'How-To' Instructions		Pickup Alert	
	Count	Count	%	Count	%	Count	%	Count	%
Fashion	98	28	28.6%	21	75.0%	22	78.6%	22	78.6%
Specialty	51	14	27.5%	10	71.4%	12	85.7%	11	78.6%
Home Furnishing	24	13	54.2%	9	69.2%	8	61.5%	8	61.5%
Footwear	23	9	39.1%	5	55.6%	6	66.7%	6	66.7%
DIY|Auto|Indust.	23	9	39.1%	5	55.6%	8	88.9%	8	88.9%
Health|Cosmetics	21	1	4.8%	1	100.0%	1	100.0%	1	100.0%
Luxury|Jewelry	17	4	23.5%	3	75.0%	3	75.0%	3	75.0%
Toys|Hobby|Sporting	12	4	33.3%	2	50.0%	2	50.0%	2	50.0%
Department	6	2	33.3%	2	100.0%	2	100.0%	2	100.0%
Electronics	6	3	50.0%	2	66.7%	2	66.7%	2	66.7%
Total	**281**	**87**	**31.0%**	**60**	**69.0%**	**66**	**75.9%**	**65**	**74.7%**

N=87
Source: OrderDynamics, Nov 2018

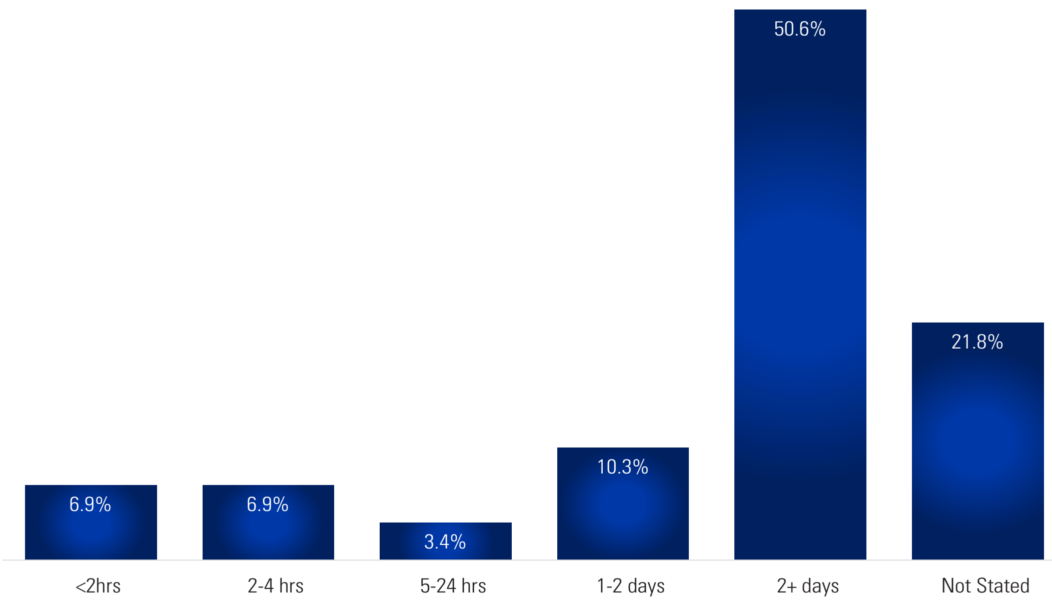
In-Store Pickup Delays

Click and Collect Superconsumers expect their purchases to be ready within 24 hours. Occasional omni-channel shoppers are even more demanding, expecting items to be ready for pickup within 2 hours.[6] In this regard, there is a significant disconnect between what consumers expect, and what retailers are providing. The graph below shows that a pickup delay of 2 or more days is the most common retail commitment in Canada, with 50.6% of Click and Collect retailers committed to the 2+ days pickup delay level.

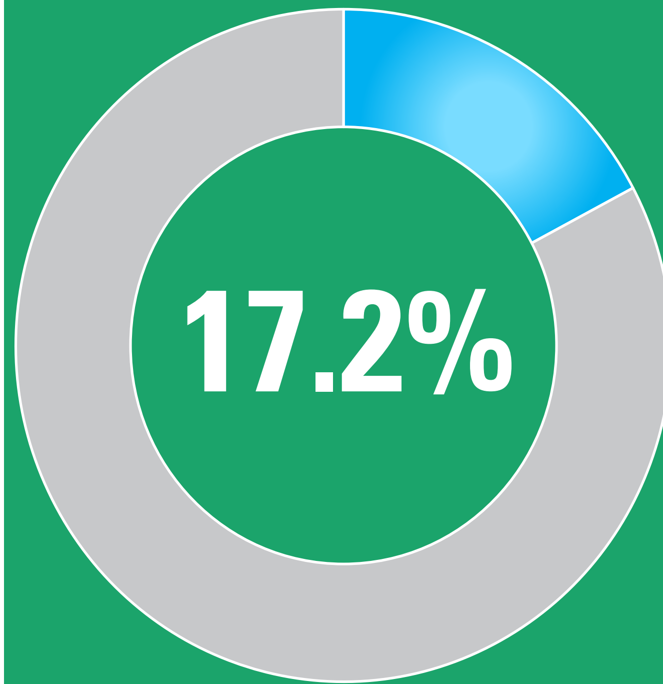
This is a significantly larger group of retailers compared to the global results from the Omni-2000 report. 30.3% is the average of global retailers committed to providing 2+day pickup delays. Although globally, approximately 50% of retailers commit to less than 2 days of delay.

Canadian retailers must find ways to lessen the gap. An item can be shipped to a shoppers' home or workplace, but in-store pickup remains the fastest way for customers to pick up. Shortening the last mile delay will put increasing pressure on retailers to provide faster pickup availability.

PICKUP DELAY IN HOURS



N=87
Source: OrderDynamics, Nov 2018



"17.2% of Canadian retail chains commit to having an in-store pickup within 24 hours."

Retailer Size and Pickup Timing

78.2% of Canadian retailers with omni-channel capabilities state the expected pickup delay on their website. This is just below the global average of 79.8% for retailers. The research finds that the average Canadian retail pickup delay is 62.9 hours. This is quite high compared to the global average of 46.8 hours. Interestingly, it is the small and the very large retailers who are unable to commit to shorter pickup delays. Retailers (with 101-250 stores) offer an average pickup delay of 53.7 hours which is the shortest amount of time across all Canadian retailers. Small-to-medium-sized retailers (51-100 stores) come in second with an average of 61.4 hours.

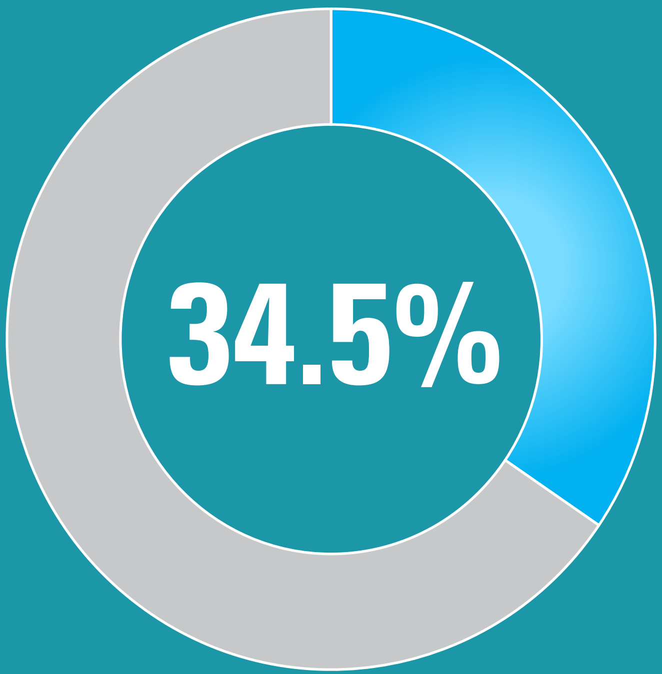
Also noted in the research is the high end of the commitment spectrum, in other words, the longest delays noted on Canadian retailer websites. The highest delay noted is 216 hours, from an enterprise-sized retailer (251+ stores). At 9 days, this may be deemed as a long time for the average consumer to wait, but it is still a step forward for Click and Collect.

What continues to be surprising is that retailers in the US and Australia provide the lowest overall average commitment time for in-store pickup orders. The average commitment for the US retailer is 41.6 hours, and for Australia is 39.1 hours. Both of these regions can be characterized as omni-channel nascent markets.

Retailer Store Count	Retail Chains	Click and Collect		Pickup Delay Stated in Hrs				
		Count	%	Count	%	Avg	Low	High
10-50	148	42	28.4%	28	66.7%	67.6	2	168
51-100	61	20	32.8%	17	85.0%	61.4	1	120
101-250	54	16	29.6%	15	93.8%	53.7	2.0	72
251+	18	9	50.0%	8	88.9%	67.1	1	216
Total	**281**	**87**	**31.0%**	**68**	**78.2%**	**62.9**	**1.0**	**216**

N=87
Source: OrderDynamics, Nov 2018

Inventory Visibility



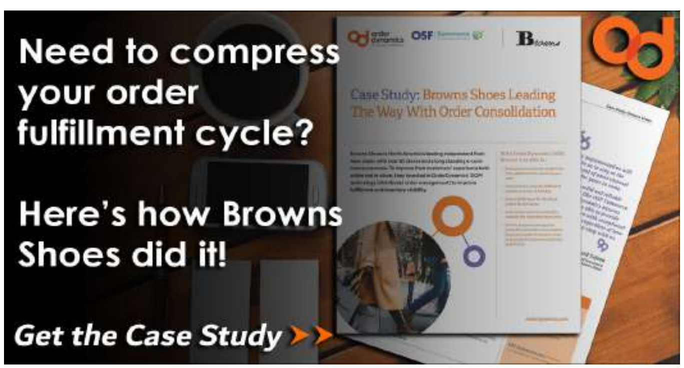
"34.5% of all Canadian retailers show basic active inventory visibility to their prospects and online shoppers."

Online Inventory Visibility Levels

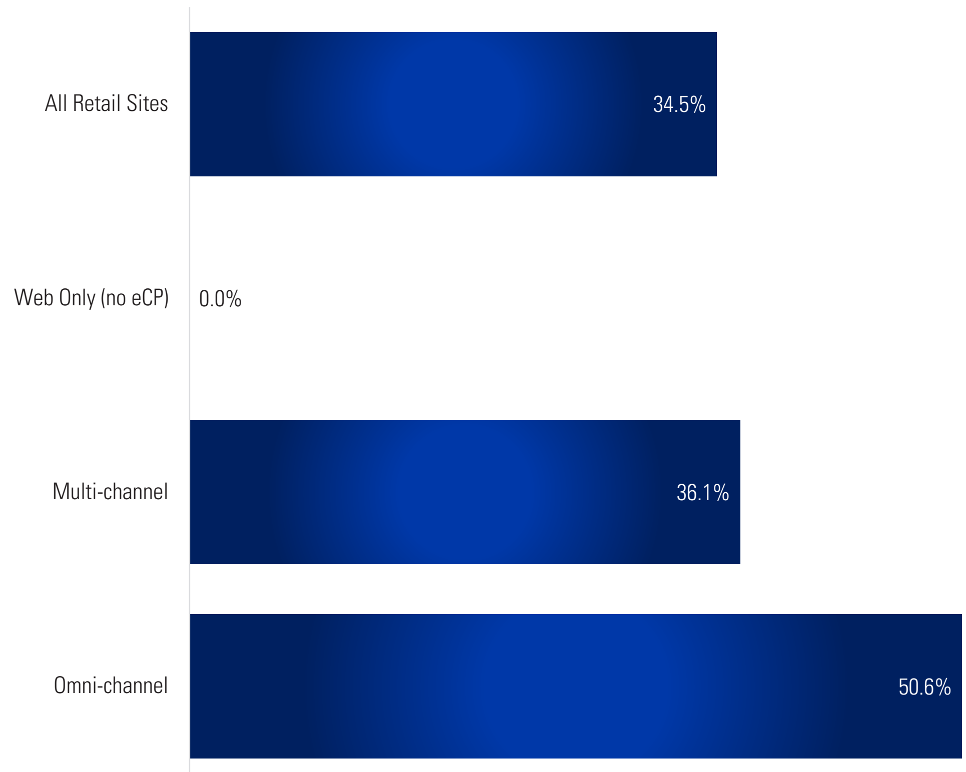
Inventory visibility is important to online consumers. Given the ease of jumping from one retailer to the next online, inventory visibility ought to be a very important issue for retailers as well. In fact, failing to provide inventory visibility may be akin to sending your customers to shop at your competitors' site instead!

Shockingly, there has been a sizeable drop in the number of retailers providing active inventory visibility online. Active inventory visibility is an indicator on a product page, showing that an item is either in-stock or out-of-stock, at the most basic level. More advanced active indicators are the store level inventory indicator. Better still is the store level indicator that provides actual quantities available. When only one or two of a specific item remains, it creates a sense of urgency for the customer.

No retailer wants to tip off their competitors to their stocking positions. This fear may help explain part of the observed drop in active inventory visibility. Currently, 36.1% of multi-channel merchants provide active inventory visibility at the basic level (in-stock, out-of-stock) in Canada. Multi-channel merchants are those that offer both an online store and physical stores, but do not allow shoppers to seamlessly purchase, pick up, or return items across channels. Even among omni-channel retailers, only 50.6% currently provide active inventory visibility in Canada.



BASIC INVENTORY VISIBILITY ACROSS RETAIL SITES



(*) Multi-channel is when a retailer offers an in-store and an online/digital presence with no Buy Online Pickup In-Store abilities. Omni-channel is having an in-store and an online/digital presence, while also offering Buy Online Pickup In-Store and other cross-channel services.
(**) eCP refers to e-commerce platform.

N=281
Source: OrderDynamics, Nov 2018

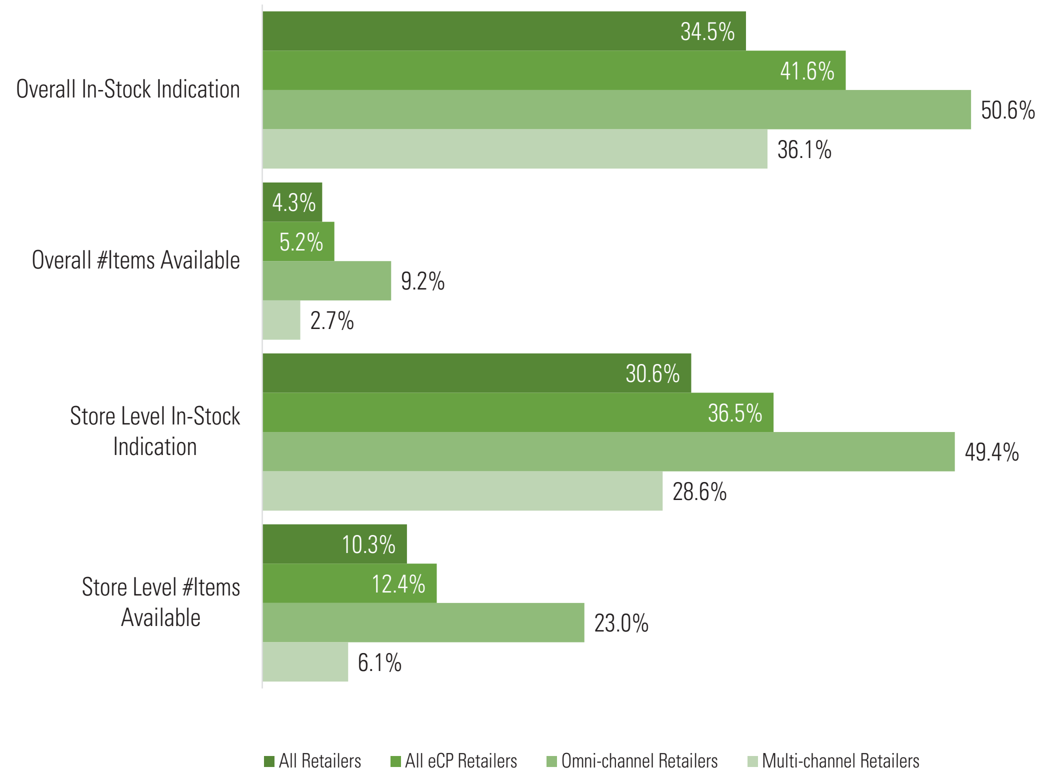
Inventory Visibility By Retailer Size

There is a disturbing lack of focus on online inventory visibility across retailers. In our Omni-1000 report, 68.4% of global merchants showed inventory visibility. In this year's Omni-2000 global report, only 38.1% of all retailers show basic inventory visibility on product pages. There was an increase in passive inventory visibility this year (providing an indicator only if the inventory of a good is out-of-stock).[3]

In Canada, omni-channel retailers are most likely to showcase overall in-stock indicators. Basic active inventory visibility skews higher with the enterprise-sized merchant chains (251+ stores). As the chain sizes decrease, the percentage of retailers with active inventory visibility drops, to 31.1% at the 10-50 store count.

Retailers appear to have largely shunned the detailed level of inventory visibility. This is both at the overall retail level, as well as at the store level. As expressed earlier, this is perplexing as low inventory volumes at a particular store level can spur consumer to purchase.

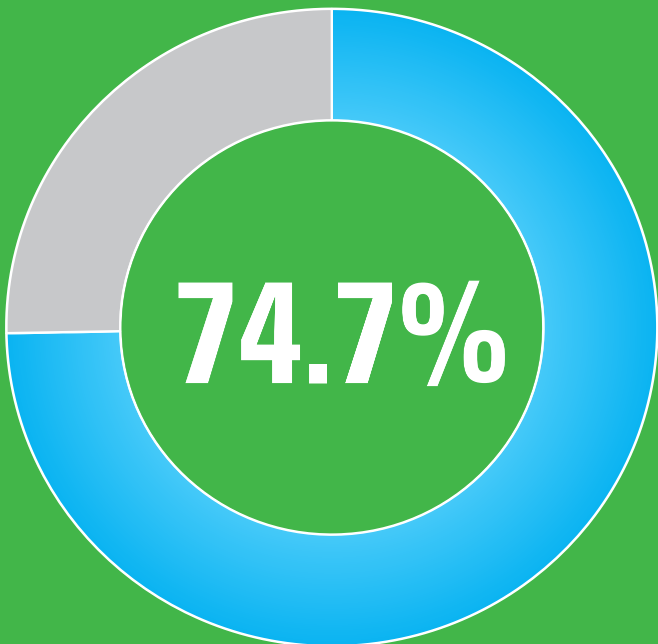
INVENTORY VISIBILITY BREAKDOWN BY RETAIL STRATEGY



Chain Store Count	Retail Chains	Overall Inventory Visibility				Store Level Inventory Visibility			
		InStock	%	Qnty	%	InStock	%	Qnty	%
10-50	148	46	31.1%	6	4.1%	36	24.3%	12	8.1%
51-100	61	24	39.3%	2	3.3%	21	34.4%	6	9.8%
101-250	54	18	33.3%	3	5.6%	21	38.9%	7	13.0%
251+	18	9	50.0%	1	5.6%	8	44.4%	4	22.2%
Total	**281**	**97**	**34.5%**	**12**	**4.3%**	**86**	**30.6%**	**29**	**10.3%**

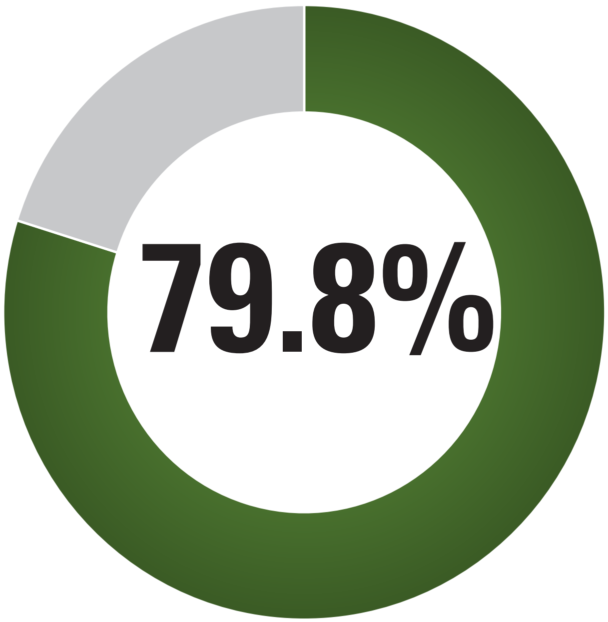
N=281
Source: OrderDynamics, Nov 2018

Returns



“74.7% of omni-channel retail chains studied, offer Buy Online Return In-Store (BORIS) services to their customers.”

Returns Policies

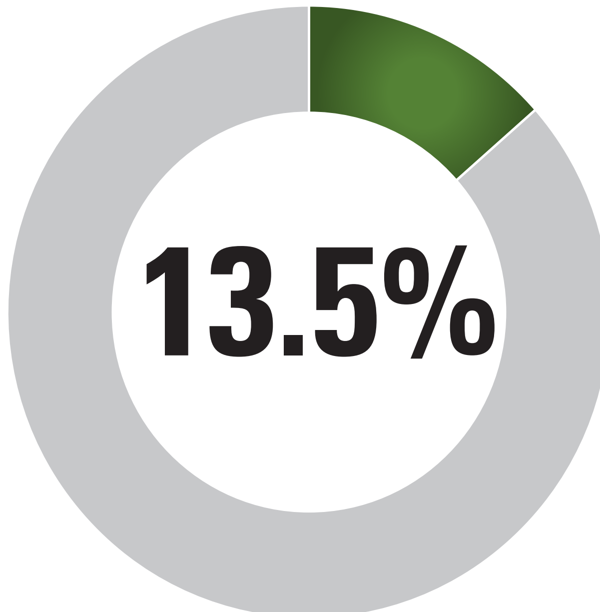


Customer Friendly Returns Policy

In Canada, 79.8% of retailers that provide a find-able online returns policy, are deemed customer friendly (clear, jargon-free, and ultimately inviting to customers). They are never a shopper's thrill to read, but an important part of deciding whether to purchase from a particular retailer. For this reason, retailers must ensure the policies are easily understood.

Done well, a returns policy will entice more customers to purchase goods, reassured about the ability to return an item if it does not meet their needs.

N=243
Source: OrderDynamics, Nov 2018

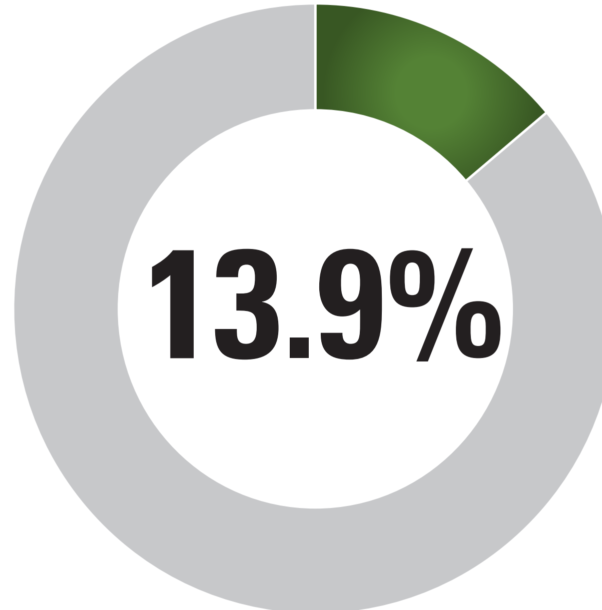


No Return Policy Found Online

Few Canadian retailers fail to show a returns policy online. 13.5% either do not provide the policy online or made it very difficult to find, eluding the researchers for this study.

At this stage, in an advanced retail market, all retailers should have findable returns policies online. Although this is a small number, it should approach zero.

N=281
Source: OrderDynamics, Nov 2018



Free Returns Shipping

Shoppers who are frequent or even occasional Click and Collect users, prefer in-store returns.[6] Despite this, it is a good practice to offer free returns shipping. It will raise costs, however, it will also reduce the feeling of risk on the consumer's behalf. Ultimately, the consumer may end up returning the item in-store anyway, which saves on that second shipping cost.

N=281
Source: OrderDynamics, Nov 2018

Buy Online Return In-Store (BORIS)

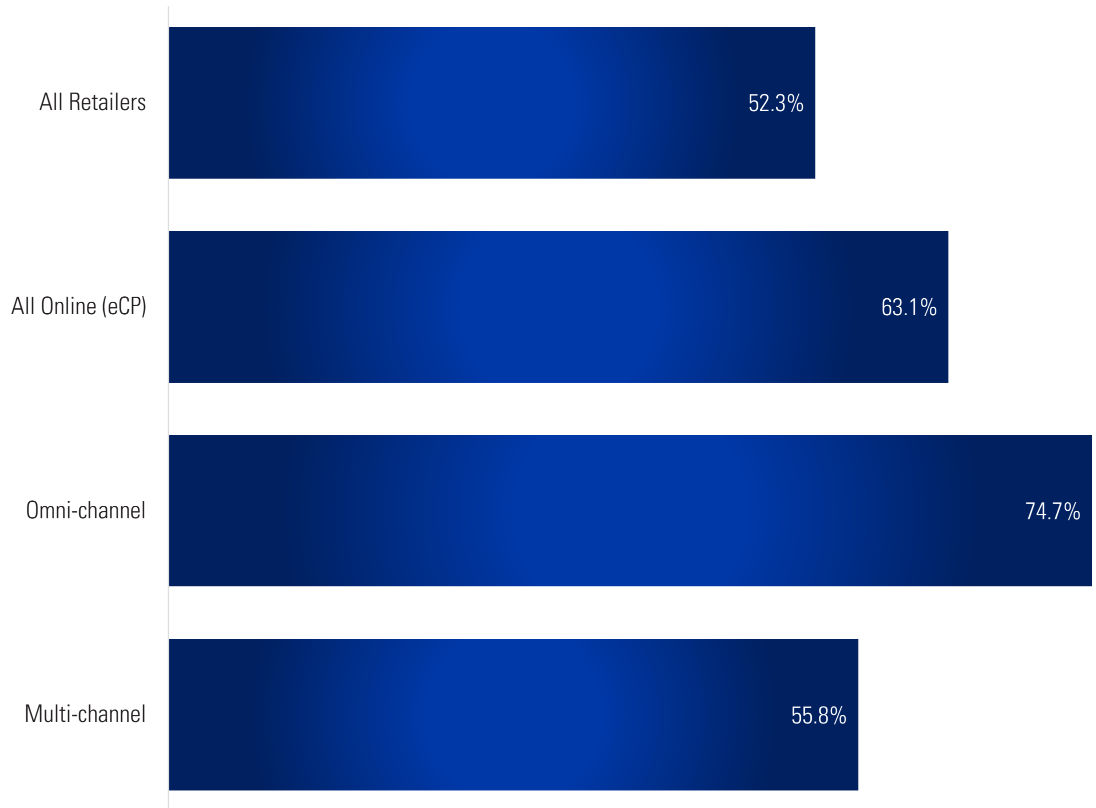
Omni-channel retailers in Canada are the most likely to accept in-store returns for items purchased online. 74.7% of omni-channel retailers allow BORIS. The principle here is that a customer who crosses channels during the purchase is entirely likely to also view crossing channels during a return, as part of the expected transactions set.

Although we recorded that only 74.7% of omni-channel retailers allow BORIS, it is entirely possible that not all omni-channel retailers posted this policy on their website. Should this be the case, retailers need to post the policy, as it may entice more customers to purchase. It is worth repeating that consumers prefer returning goods to physical stores.[6]

Now take a look to see how the Canadian retail stacks up against the rest of the world. Which are the countries to watch on the omni-channel stage? The Omni-2000 Global research gives you a view of the full set of 2,000 retailers. Like the Canadian report, the international version is a free download.

Get it now: **bit.ly/od-omni-2000-global**

BUY ONLINE RETURN IN-STORE BY RETAIL STRATEGY



Recall that returning goods to a store is also likely to result in either an exchange or a purchase of more goods.[6,8] This is particularly important considering that "53% of shoppers expect to return 1 out of every 4 online purchases."[1] In this regard, BORIS can be a powerful tool to help reconvert many of the online returns.

When comparing Canada to global figures, slightly more Canadian omni-channel retailers offer BORIS (72.6% globally).

N=281
Source: OrderDynamics, Nov 2018

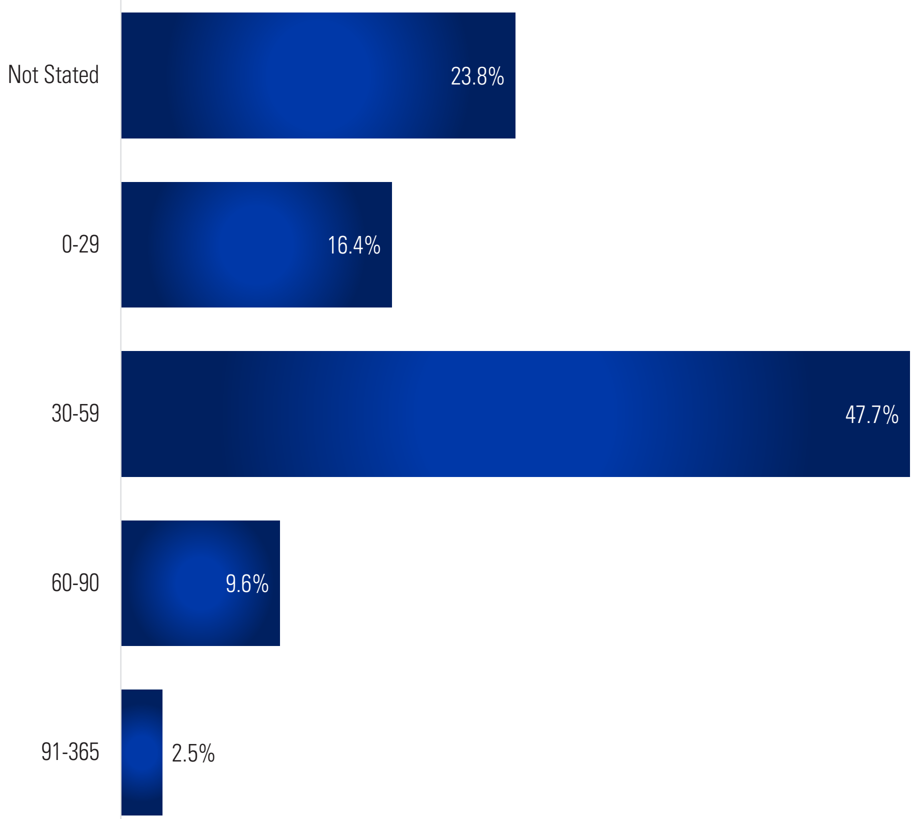
Return Days Allowances

From a global perspective, a small number of merchants charge a restocking fee for returned goods. From the Canadian sample of retail chains, only 0.4% retailers have or enforce a returns restocking fee - based on online messaging.

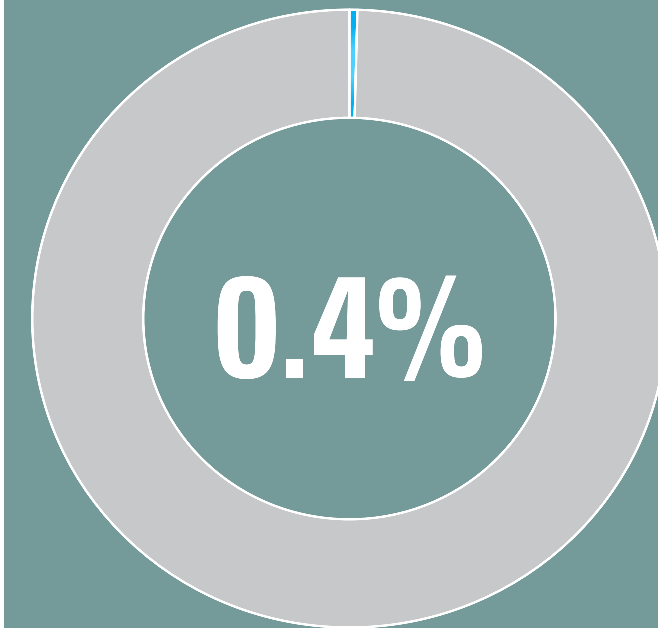
On the number of days to return a good, 16.4% of Canadian retailers offer 0-29-day allowances. Another 47.7% allow 30-59 days. Then it drops back down. Only 9.6% provide 60 or more days to return items.

Retailers currently have excellent non-price promotional opportunities. Merchants may want to run trial offers, in which case, customers would have 60 or 90 days to return items during a promotional period.

RETAILER RETURN DAYS ALLOWANCE



N=281
Source: OrderDynamics, Nov 2018



"0.4% of all Canadian retailers have or enforce a returns restocking fee - based on online messaging."

Return Allowance Ranges

The table below provides a full view of the return allowances by retail sector. Note that some of the retail sub-sector counts are small. The change in course of one merchant chain can dramatically swing the results. Despite this, the table is indicative of retail market tendencies. It is also useful for retailers who want to identify their particular competitive strategy, against their specific market segment.

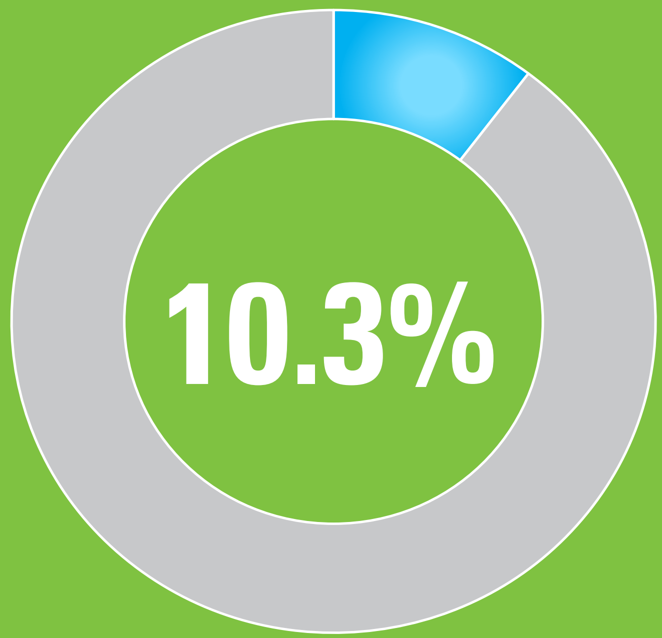
On free returns delivery, only 13.9% of retailers provide the option. Least likely to offer it is the Department retail sector, with 0% noting it online. Home Furnishing and DIY|Auto|Indust. are second lowest with 4.2% and 4.3% respectively. This reluctance by Home Furnishing retailers contrasts the global research of 2,026 merchant chains in which 10.5% of Home Furnishing retailers offer free returns.

BORIS figures, in this case, were calculated based on those retailers that have an e-commerce platform (eCP).

Retail Sector	Retail Chains	Retail with eCP	Days to Return Merchandise					Free Return Ship.		BORIS	
			N/A	0-29	30-59	60-90	91-365	Count	%	Count	%
Fashion	98	87	13.3%	17.3%	59.2%	6.1%	4.1%	21	21.4%	66	75.9%
Specialty	51	37	37.3%	15.7%	43.1%	3.9%	--	3	5.9%	15	40.5%
Home Furnishing	24	20	33.3%	16.7%	45.8%	4.2%	--	1	4.2%	13	65.0%
Footwear	23	21	8.7%	8.7%	43.5%	30.4%	8.7%	7	30.4%	12	57.1%
DIY|Auto|Indust.	23	14	39.1%	--	34.8%	26.1%	--	1	4.3%	10	71.4%
Health|Cosmetics	21	18	28.6%	19.0%	47.6%	--	4.8%	2	9.5%	9	50.0%
Luxury|Jewelry	17	16	17.6%	41.2%	23.5%	17.6%	--	2	11.8%	7	43.8%
Toys|Hobby|Sporting	12	12	16.7%	8.3%	58.3%	16.7%	--	1	8.3%	9	75.0%
Department	6	2	83.3%	--	16.7%	--	--	--	--	2	100.0%
Electronics	6	6	--	50.0%	50.0%	--	--	1	16.7%	4	66.7%
Total	**281**	**233**	**23.8%**	**16.4%**	**47.7%**	**9.6%**	**2.5%**	**39**	**13.9%**	**147**	**63.1%**

N=281
Source: OrderDynamics, Nov 2018

Mobile and Social Commerce



“Only 10.3% of omni-channel retailers have a fully optimized m-commerce site.”

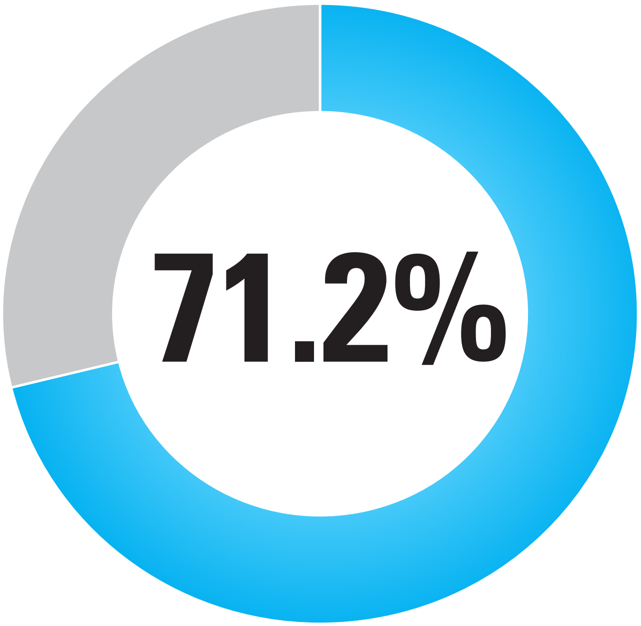
Mobile Responsive Sites

Overall, 71.2% of Canadian retailers offer mobile responsive websites. That means consumers can use their smartphone to access the retailer's website and even process orders online. However, a responsive website still may not provide users with an ideal customer experience.

The difference is that a mobile responsive site is good, but not optimized for the purchasing experience. Most website platforms and themes offer mobile responsive web designs, but it does not ensure everything is set up ideally for customer purchases on mobile devices. This explains why 71.2% of Canadian retail sites are responsive, yet only 6.4% of all retailers offer m-commerce optimized sites.

Given that m-commerce is still nascent, responsive sites should grow, as should m-commerce optimized sites.

MOBILE RESPONSIVE RETAIL SITES



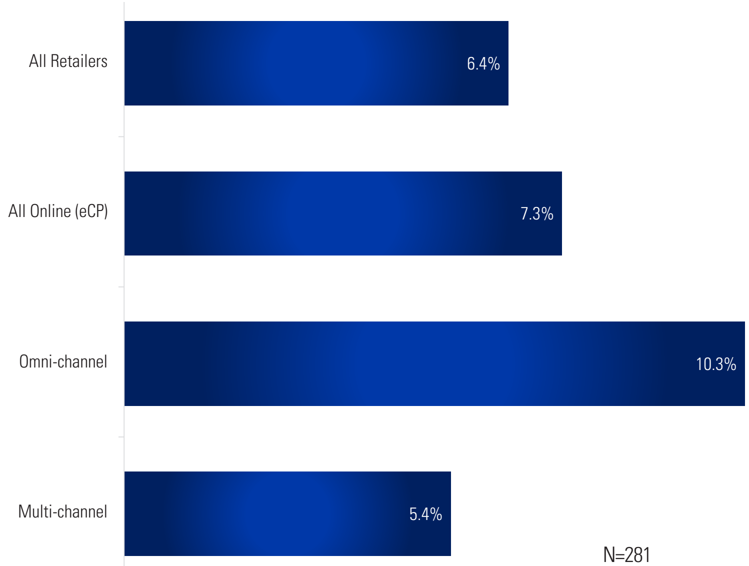
M-Commerce Optimized Retail

Optimized m-commerce is at the forefront of online retailing. It's no secret that consumers price compare, and even purchase items on m-commerce sites while browsing for item or even in-store. As such, it has become an increasingly important part of retail. In addition, Google is taking a mobile-first approach to SEO ranking, indicative of the importance that mobile will play in retail.

Omni-channel retailers have the highest penetration of m-commerce optimized sites, at 10.3%.

An interesting comparison is Canada's results against the global observations. Worldwide 7.0% of multi-channel merchants have mobile-optimized sites compared to 5.4% of Canadian retailers. Globally, 11.4% of omni-channel vendors have m-commerce optimized sites in operation versus 10.3% in Canada.

M-COMMERCE RESPONSIVE SITES



N=281
Source: OrderDynamics, Nov 2018

Social Media and Commerce

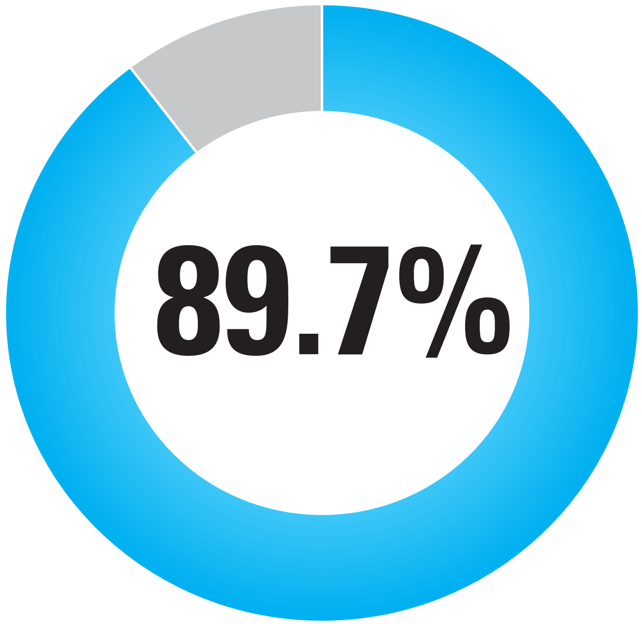
Retailers in Canada have gravitated toward Instagram en mass. 84.3% of Canadian retailers have a presence on the platform, with omni-channel retailers leading this practice as 89.7% of them have a presence on the social platform.

Despite the high adoption of Instagram presence, only 14.9% have established Instagram as a sales channel. Of the 237 retailers reviewed, only 42 allow shoppers to place an order directly from Instagram. No doubt this will be a situation that will change in the coming year.

Loyalty programs are popular in the Canadian market. Globally, Germany |Austria, and Australia have the greatest number of retail loyalty programs found online, at 39.0% and 36.8% respectively. Across the Canadian market, 32.4% retailers make mention of their loyalty programs online.

Low m-commerce optimized sites are likely due to responsive sites providing a good-enough mobile purchasing experience for shoppers. This will be an interesting aspect to watch as it develops in the near future.

INSTAGRAM PRESENCE - OMNI-CHANNEL RETAILERS



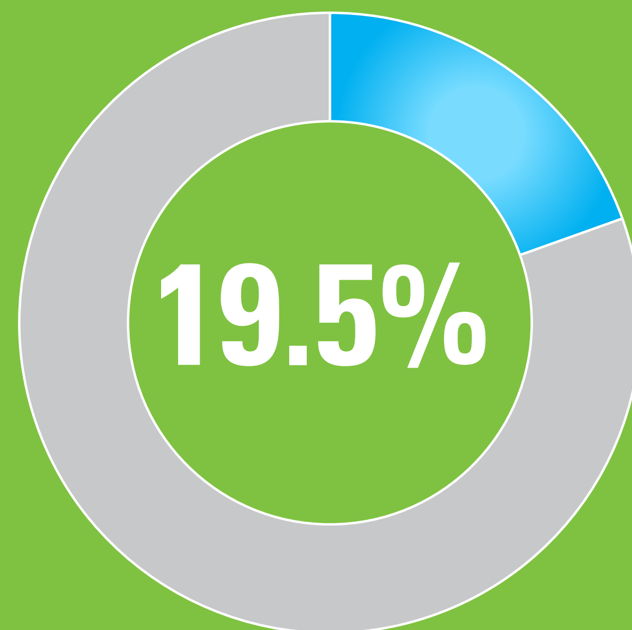
Store Count Range	Retail Chains	Loyalty		Mobile				Instagram			
		Prog.	%	Resp.	%	Opt.	%	Present	%	Shop	%
10-50	148	33	22.3%	102	68.9%	7	4.7%	124	83.8%	19	12.8%
51-100	61	22	36.1%	43	70.5%	5	8.2%	52	85.2%	12	19.7%
101-250	54	23	42.6%	41	75.9%	5	9.3%	44	81.5%	9	16.7%
251+	18	13	72.2%	14	77.8%	1	5.6%	17	94.4%	2	11.1%
Total	**281**	**91**	**32.4%**	**200**	**71.2%**	**18**	**6.4%**	**237**	**84.3%**	**42**	**14.9%**

N=281
Source: OrderDynamics, Nov 2018

OMNI-2000 Research: Canada

order dynamics

"19.5% of omni-channel retailers have an active shop on Instagram and allow customers to buy directly from their Instagram account."



Omni-channel Progress

For Canada, the current research investigates 281 stores, this is 81 more stores than in the previous report. For a clear yer over year (YoY) comparison, this section reviews only the 175 Canadian retail chains that appear in both reports. Fortunately, the sample in both investigations is large enough to offer a reasonable level of confidence.

Click and Collect (BOPIS)

A simple comparison of the two reports shows that Click and Collect adoption in Canadian retail was 22.3% in 2017 (Omni-1000), and 32.6% in 2018 (Omni-2000).

Although progress is always preferable to regression, 10.3% seems like a small increase for the Canadian retail market. In that regard, retailers in Canada continue to have plenty of room to grow in omni-channel deployments and customer offerings.

Buy Online Return In-Store (BORIS)

Approximately two-thirds of Canadian retailers provide BORIS. This has increased over the past year, with a 6.0% increase. BORIS still seems to be an underappreciated opportunity. As expressed earlier, BORIS means customers bring returns merchandise back to the store. When this happens, the retailer saves the cost of shipping returned items. It also means that 40%-59% of the time that the customer comes in to do so, they may purchase other goods. For many retailers, it remains an untapped means of making the most of a negative situation.

Omni Report	Retail Chains	Retail Offering			
		Click and Collect	Basic IV (**)	Returns Policy	BORIS
Omni-1000 (2017)	200	22.3%	58.3%	83.4%	57.1%
Omni-2000 (2018)	281	32.6%	36.6%	74.9%	63.4%
Difference	**+40.5%**	**+10.3%**	**-21.7%**	**-8.5%**	**+6.30%**

(**) Basic IV = Basic Inventory Visibility

N=175

Source: OrderDynamics, Nov 2018

Active Inventory Visibility (Basic Level)

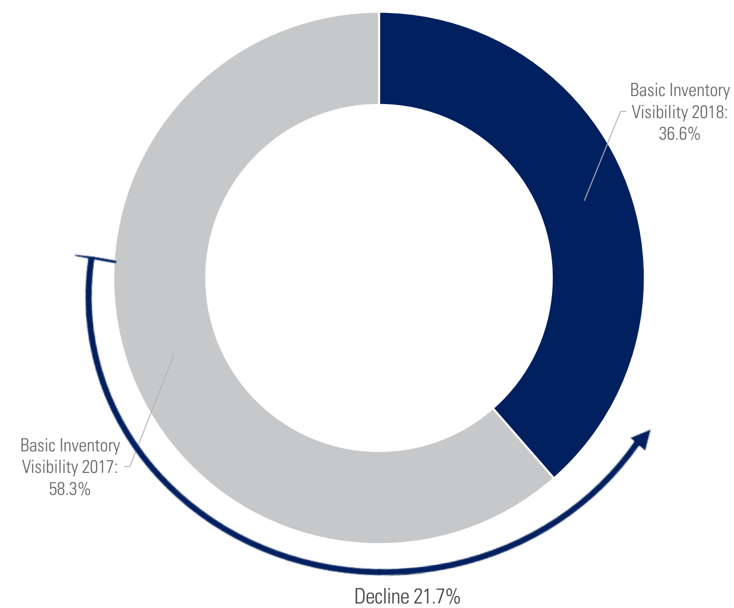
Inventory visibility is a key part of the omni-channel journey that has experiencing a significant and troubling decline. The comparison finds that 58.3% of retailers provided active online inventory visibility in 2017, but only 36.6% show it currently. This is a massive drop of 21.7%, but less sizable than the 30.5% global drop.

After the significant effort of triple checking these figures, we uncovered other research with similar results. D3 Supply's research also notes a drop in inventory visibility among retailers comparing 2016 to 2017.[2] This appears to be a disconcerting trend, given that 64% of shoppers will drop an online purchase due to inaccurate or incomplete content information.[5]

Four competitive intelligence concerns may be contributing to this important step back:

- Competitive intelligence concerns
- Inadequate legacy systems or in-house built systems
- Passive inventory visibility adoption
- Light rather than Advanced OMS technology deployed

Although the exact cause of the decline is not researched in this report, the main root causes will be fascinating to uncover. The latter three options involve technology solutions that can be remedied either by switching strategy or by sourcing robust technologies like advanced order management systems.



N=175
Source: OrderDynamics, Nov 2018

Comparison Conclusion

Despite a sizable decline in active inventory visibility use among omni-channel retailers in Canada, BOPIS remains a growing retail option. At the shopper level over the past year, omni-channel capabilities have generally improved. BOPIS has grown by 10.3%, as in 10.3% more retailers offer the service than last year. This is good for the industry, and a positive trend that needs to further accelerate.

Canada has a dynamic retail market. Yet, on the omni-channel front, there is considerable room to grow. Adoption of omni-channel is taking place, but the pace needs to accelerate for the good of retailers. Finally, the market as a whole should start maturing, with a greater presence of mid and upper-mid level retailers offering services like BOPIS.

Omni-channel in the Canadian Retail Market

Across the expanded retail chain sample of 281, the Omni-2000 research finds that 31% of Canadian retailers offer Click and Collect services. Based on the eight countries reviewed, the Canadian market continues to be one of the least advanced at omni-channel capabilities today.

As much as returns are not a favoured topic among retailers, it is an important subject to consumers. 13.9% of all retailers in Canada offer free return deliveries, which can be an important decision factor for many shoppers.

BORIS (Buy Online Return In-Store) is available with 74.7% of Canadian omni-channel retailers, and 54.2% of all global retailers.

On returns allowance, the Canadian market continues to be lower than global levels. 16.4% of return allowances are within 1-29 days, compared to 29.1% globally. The next most popular range is 30-59 days accounting for 47.7% of Canadian retailers, and 34.6% cited globally. This may be an opportunity for retailers to run non-price related promotions with extended return periods.

An example of the developing nature of the Canadian omni-channel market, is the offering across merchant chain sizes. Specifically, small (10-50 stores), medium (51-100 stores) and large (101-250 stores) sized retailers are least likely to offer Click and Collect with each group having less than 33% of retailers. Only enterprise -sized level retailers in Canada show a higher percentage of omni-channel retailers with 50%.

Collection timing has improved over the year. Last year the average pickup commitment from retailers amounted to 54.9 hours from time of order. This has improved to 51.7 hours, representing a 5.8% reduction. Despite the advance, there is much room for improvement. The Click and Collect Superconsumer expects orders to be ready for collection within 24 hours. Thus far, Germany & Austria lead with 30.8-hour commitments for a pickup.

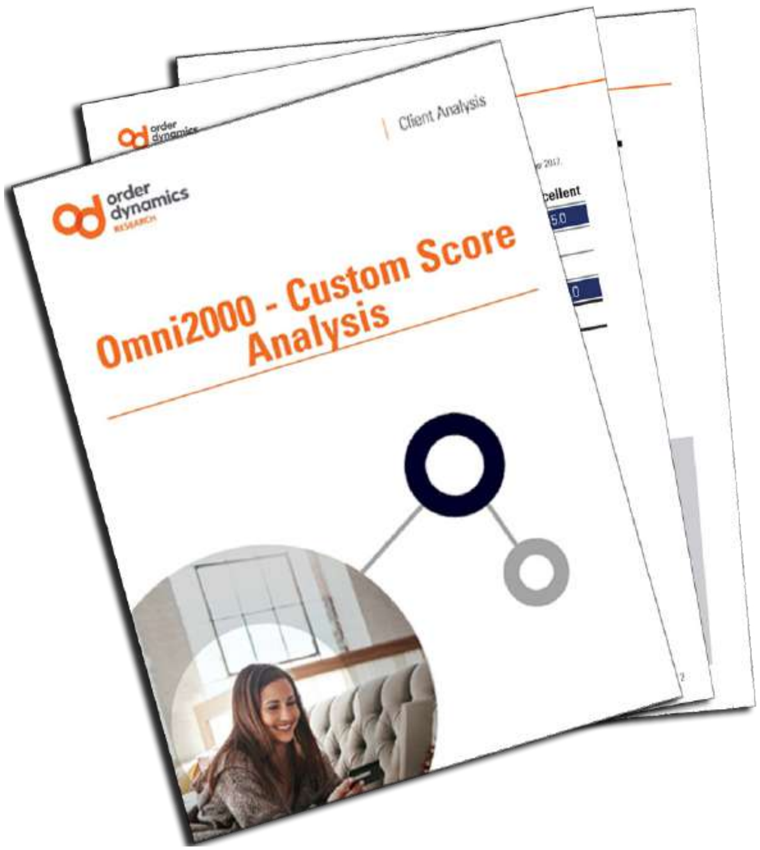
Social selling will become an increasingly important channel. Today 84.3% of Canadian retailers have an Instagram presence. However, only 19.5% of retailers have an Instagram store to allow consumers to shop directly from social media.

Key Observations

The Canadian market is one of the least advanced omni-channel markets observed in the research. But, there are many opportunities for improvement, as noted above. Canadian retailers are making early headway in m-commerce optimized sites and social selling on Instagram, this seems to be moving the industry in the right direction. It remains to be seen if this continues through 2019, as a trend.

The opportunities for Canadian retailers are to actively pursue Click and Collect as a means of driving revenue and to increase inventory awareness in omni-channel.

Other Retail Resources



Omni-2000 Retail Score

Find out Your Rank on the Omni-2000

Was your retail business part of the Omni-2000 research base? Now you can find out, and learn about how you scored on the 40+ criteria. If you are a Senior Executive in Retail, then click here and we would be pleased to review if you were in the core research and to share our findings about your retail chain with you. Ask for a sneak peek at your competitors, too.

Find out your score here: **bit.ly/od-omni-2000-score**

Real OMS Whitepaper

What Features Should Truly be in Your OMS?

Your Order Management System sits at the heart of your omni-channel strategy. But, often this core retail technology is implemented as an afterthought. What features should your Order Management System really have and what questions should you as your OMS vendor before implementing your system?

Download now at: **bit.ly/real-oms**

Click And Collect Superconsumer

What Your Customers Are Demanding

Click and Collect Superconsumers are the ideal omni-channel customer. They enjoy shopping, buy more goods, spend more money, are more loyal, and return fewer products. What is not to like about them? Find out more about them and how to cater your retail to their needs.

Download full research at:
bit.ly/od-superconsumer

OrderDynamics is the world's leading cloud-based, Out-of-the-Box Distributed Order Management Technology provider. Focused on powering retail fulfillment, OrderDynamics helps clients make omni-channel retail a reality. Their DOM provides client capabilities like order orchestration, enterprise-wide inventory visibility, returns management, customer service, and store driven fulfillment.

OrderDynamics enables customer options like Buy Online Pickup In-Store (BOPIS), and ship-from-store, creating exceptional shopping experiences. Iconic brands like Speedo, Quiksilver, Columbia Sportswear, JYSK, Princess Auto, Crabtree and Evelyn, DeFacto and Browns Shoes use OrderDynamics technology across North America, Europe, Asia and Australia.

OrderDynamics is a wholly-owned subsidiary of Tecsys, Inc. Tecsys is a global provider of transformative supply chain solutions that equip growing organizations with industry-leading services and tools to achieve operational greatness. For more information, visit www.tecsys.com.

ORDERDYNAMICS CORPORATION

Visit www.OrderDynamics.com for more information about Order Management Systems and how we can help optimize your Omni-channel Retail Business

OrderDynamics Corporation
Office: +1 (905) 695-3182
Email: Info@OrderDynamics.com

For more insights, statistics and discussions about the OrderDynamics Omni-2000 Research
visit the OrderDynamics Blog

Distributed Order Management Systems

68B Leek Crescent, Suite 201
Richmond Hill, ON
L4B 1H1
Tel: +1 (866) 559 8123
Info@OrderDynamics.com
www.OrderDynamics.com

Powering Retail Fulfillment