




ppro



North America

Payments and
e-commerce report 2022



E-commerce and payments in North America

In 1949, Frank McNamara, a New York businessman went to a restaurant and only realised when it came time to pay that he had forgotten his wallet. The embarrassment of having to call his wife to come and rescue him with a wad of cash prompted him to invent the world's first credit card.

Ever since, Americans have been in love with the credit card. Almost 70% have at least one credit card, compared to a global average of 27%. Even that underplays the apparent dominance of payment cards in the US.

One recent study found that there were over seven billion credit and debit cards in circulation in the US today. Each year, there are over forty billion card transaction in the US. And Americans use cards to pay for 51% of all online purchases.

In Canada, the numbers are even starker. A massive 84% of Canadians have a credit card. Every year there are twelve billion card transaction in Canada. And Canadians use cards to pay for 63% of all online purchases.

So, if you want to crack the North American e-commerce market, it's cards all the way, right? Not so fast. For a start, in both countries, between forty and fifty percent of all online transactions are paid for with something other than a card.

In the case of the US, if you don't support anything other than card payments, you're giving up on roughly US\$750 billion worth of

e-commerce. As business strategies, it's certainly novel. But even that is only part of the story.

Younger Americans are increasingly doing without cards and using other payment methods. Just 60% of millennials, for instance, and 50% of gen-z, have a credit card. If you don't offer the payment methods these younger, diverse consumers know and trust, you take yourself out of the competition for their commerce — and for the future.

North American love to shop online

According to recent research, 76% of Americans use e-commerce merchants for at least some of their shopping. The US e-commerce market is worth an astonishing US\$1.7 trillion and the Canadian market US\$96 billion. By 2026, these numbers will be US\$2.4 trillion and US\$143 billion respectively.

The average American online shopper spends almost US\$6,000 a year with e-commerce merchants. The equivalent figure for Canadians is US\$2,500. E-commerce accounts for sixteen percent of total US retail, and 14% of Canadian e-commerce. And those figures are only likely to get bigger in the near future.

The most popular categories in US e-commerce are fashion, with 31% of all online purchases, electronics (21%) and toys (20%). In Canada it's electronics (28%), fashion (27%) and toys (19%). In both markets, COVID and lockdown gave online grocery shopping

a big boost. In neither case does this momentum seem to have run out yet.

In the US, the market for online grocery shopping was worth US\$24 billion going into the pandemic and is expected to hit US\$60 billion by 2023. In Canada, the equivalent figures are US\$800 million and US\$2.1 billion. As consumers become more accustomed to trusting the quality of food they buy online, and the returns process, the market for online groceries will continue to grow.

Another North American retail sector still enjoying a strong tailwind online is fashion. Between 2020 and 2024, the value of online sales of clothes and shoes in the US is set to grow from US\$135 billion to US\$217 billion. The Canadian market for online sales of fashion is currently worth around US\$8 billion and is growing a rate of about 24% a year.

North American e-commerce infrastructure

Canada ranks 20th out of 160 countries on the World Bank Global Logistical Performance Index. That's not bad for a country of almost four million square miles that has the tenth lowest population density in world (out of 263 countries and territories). The Canadian parcel delivery market is increasing steadily in size, from US\$14 billion in US\$18 billion in 2021, and is now capable of delivering over 1.6 billion parcels a year.

The US ranks twentieth on the World Bank Global Logistical Performance Index —

surprisingly lower than its northern neighbour but still a creditable ranking out of 160. The parcel delivery market in the US is growing at a rate of 37% a year and is worth US\$171 billion. The capacity of the last-mile sector is predicted to grow by 10% a year between 2022 and 2030.

In both countries there are high rates of financial inclusion. In Canada 100% of adults have a bank account. In the US, it's 97%. Over 90% of both countries' populations have Internet access and around 90% in each country has a smartphone. Neither digital nor financial exclusion will be a problem for any but the most specialised of e-commerce merchants expanding into either Canada or the United States of America.

Headwinds global and local

At the time of going to press, US inflation was over 8% year-on-year. In Canada it was 7.6%. The US and Canada are better insulated against the rise in energy prices because of their large domestic oil and gas reserves. Nevertheless, both economies are under pressure as a result of the ongoing supply-chain bottle necks, the fallout from the trade war with China and now from the actual war in Ukraine.

Consumers aren't yet reigning in their spending. But growth in retail spending has slowed, leaving total volumes flatlining. In Canada there are already signs that retailers are focusing less on high-end and premium products and more on promotions and value.

A recent US study into plans for the holiday season found 39% saying they plan to buy at least half their purchases on sale. Any merchant expanding in North America now would be wise to have a strategy tailored for cost conscious shoppers looking to make their budget go further.

On the bright side, the IMF is still predicting that the Canadian economy will grow by almost 3% in 2023 and nearly 2% in 2024. In the US, the equivalent figures are between 1% and 2%. And both countries have either full employment or close to full employment. Given everything that's happening, that's good going — and will hopefully sustain consumer sentiment and retail spending until the return of better times.



North America

Payment type breakdown

Global	North America
11%	8%
32%	52%
4%	2%
45%	29%
6%	9%

- Bank transfers
- Card-based payment
- Cash-based payment
- Wallets
- Other

Card scheme breakdown

Global	North America
24%	60%
14%	26%
2%	9%
59%	5%
1%	0%

- Visa
- Mastercard
- American Express
- Local schemes
- Other

Canada

	Canada	North America	World
Population	38.2 m	369.7 m	7,974.9 m
Population 15+	32.2	303.3 m	5,967.9 m
GDP (\$US bn)	2,015.0	24,955	94,045
GDP per capita (\$US)	52,707	67,509	12,804
Banked population (%)	100	97	71
Credit card penetration (%)	84	70	27
Internet penetration (%)	97	92	84
Smartphone penetration (%)	90	88	80
Online population	37.3 m	340.1 m	6,551.1 m

B2C e-commerce market size (\$US bn)	83.9	1,601.1	5,508.7
E-commerce spending per capita (\$US)	2,194	4,338	803
E-commerce as % of total retail	14	16	24
E-commerce spending as % of GDP	4.3	5.5	4.0
E-commerce completed on a mobile device (%)	34	45	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)

96.2	2022
108.0	
120.1	
131.7	
143.2	



E-commerce spending per capita (\$US)

2,489	2022
2,766	
3,043	
3,305	
3,557	



E-commerce spending as % of GDP

4.5	2022
4.9	
5.3	
5.6	
5.9	



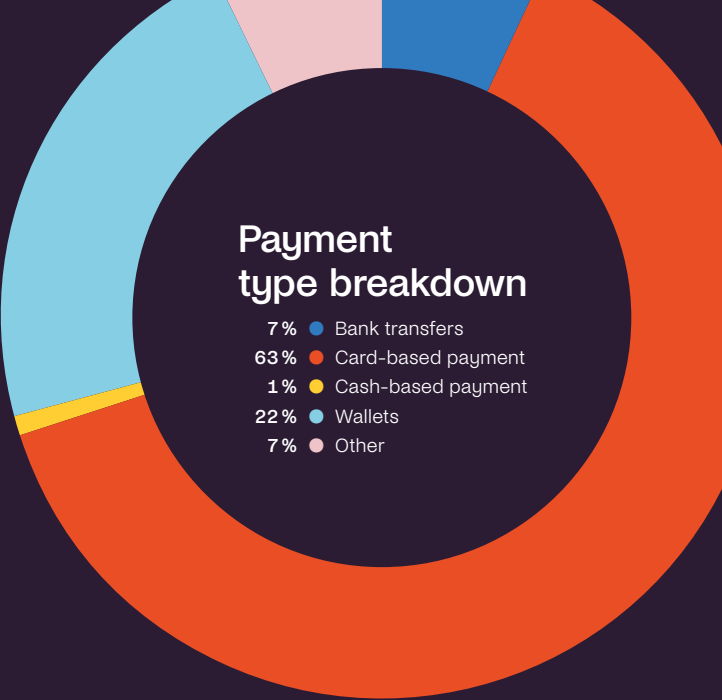
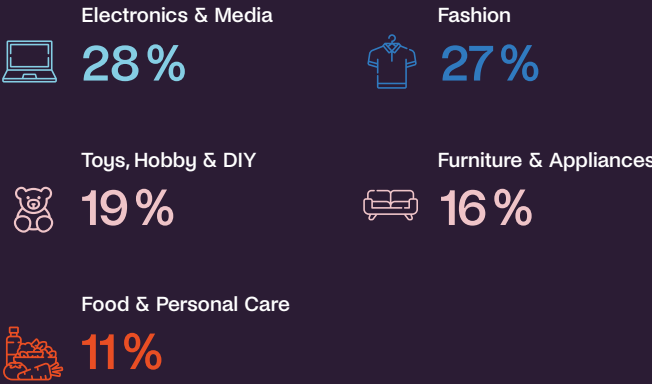
17.0 % e-commerce growth (YOY)

- In 2021, Canadians ordered 361 million parcels from e-commerce providers, with online shopping in the country worth more than 83 billion \$US.
- At the last count, 82% of Canadians shopped online at least some of the time, of whom 76% bought physical goods and 68% digital services.
- Over the last three years, the proportion of Canadians doing at least some of their grocery shopping online has risen from 19% to almost 50%.
- In the last three years, the number of e-commerce shops in Canada has increased by 20% and the 43% of Canadians now say they prefer digital to traditional payment methods.

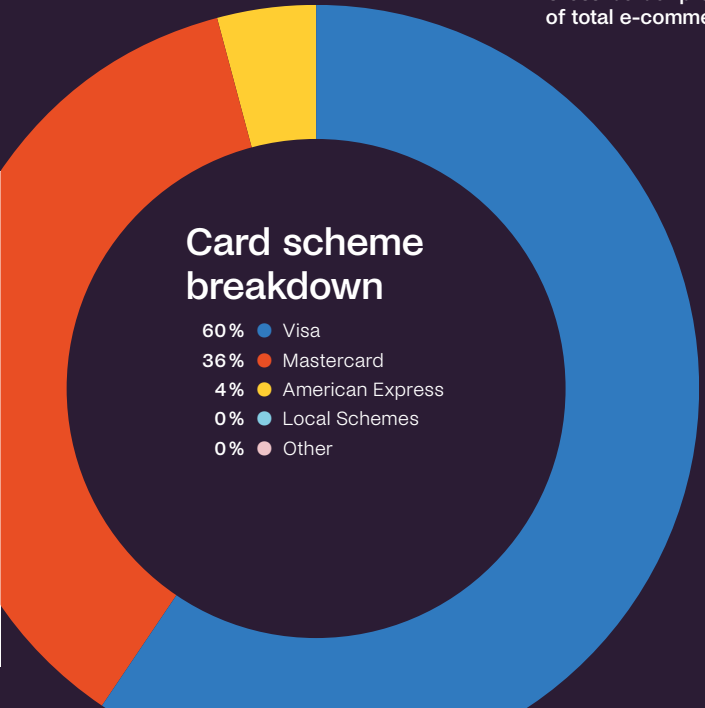
Popular LPMs



Top e-commerce segments



Cross-border e-commerce



Top cross-border shopping origin markets



United States

	United States	North America	World
Population	331.4 m	369.7 m	7,974.9 m
Population 15+	271.1 m	303.3 m	5,967.9 m
GDP (\$US bn)	22,939.6	24,955	94,045
GDP per capita (\$US)	69,216	67,509	12,804
Banked population (%)	97	97	71
Credit card penetration (%)	69	70	27
Internet penetration (%)	91	92	84
Smartphone penetration (%)	87	88	80
Online population	302.3 m	340.1 m	6,551.1 m

B2C e-commerce market size (\$US bn)	1,517.2	1,601.1	5,508.7
E-commerce spending per capita (\$US)	4,585	4,338	803
E-commerce as % of total retail	16	16	24
E-commerce spending as % of GDP	6.6	5.5	4.0
E-commerce completed on a mobile device (%)	46	45	57

Future trends (2022 – 2026)

E-commerce market size forecast (\$US bn)

1,687.7	2022
1,857.2	
2,029.3	
2,201.0	
2,357.1	



E-commerce spending per capita (\$US)

5,077	2022
5,562	
6,049	
6,532	
6,963	



E-commerce spending as % of GDP

6.8	2022
7.2	
7.5	
7.9	
8.1	



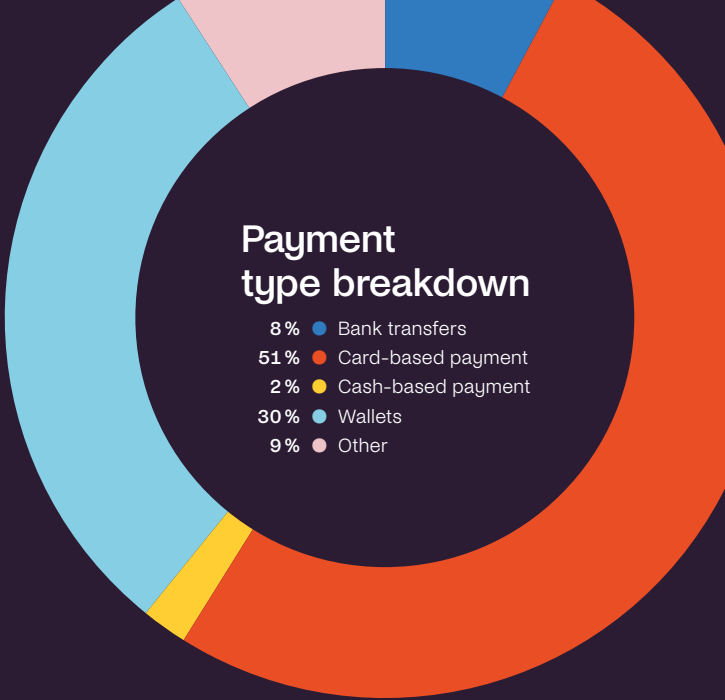
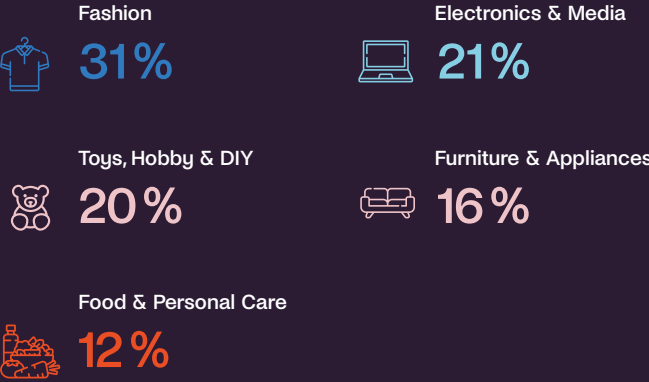
18.8 % e-commerce growth (YOY)

- According to one recent study, US mobile commerce alone will be worth 728.28 bn \$US by 2025, more than many countries' entire e-commerce markets.
- The top three reasons Americans give for shopping online are cheaper prices, a wider range of products and the convenience of delivery.
- Between 2022 and 2027, the US social-commerce market will grow by 27% a year to reach a value of 188,745 m \$US.
- By 2026, Americans will buy over 20% of their groceries online, taking the e-grocery market to a value of 257 bn \$US.

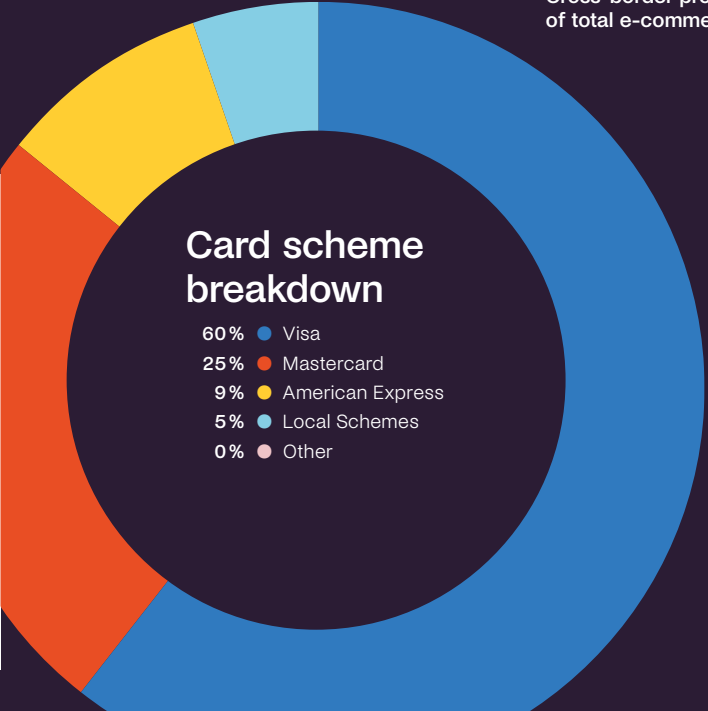
Popular LPMs



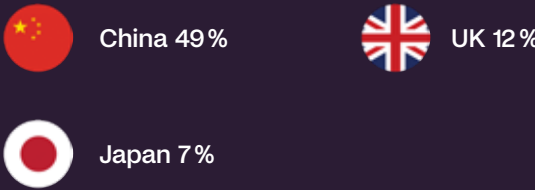
Top e-commerce segments



Cross-border e-commerce



Top cross-border shopping origin markets





Launching payment methods can be costly and complex. Unless you partner with a pro.

We globalise payment platforms for businesses like yours so you can offer more choice at the checkout and boost cross-border sales.

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