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Clicks vs. Bricks - Insights on the Canadian Apparel Industry

Introduction

Checking the math in the aftermath.

When it's all said and done, the pandemic and its aftermath will have had a massive effect on the spending habits of Canadian shoppers. Using the apparel business category, we can see how the effects of the pandemic shifted the balance of in-store and online spending and examine what it all means for the future of Canadian businesses. By diving into the data, we're able to answer questions that are top of mind.

> When did online spending peak?

> Will the pandemic leave a lasting impact on online spending?

> What will online spending look like after the year and beyond?

Key Insights.

Lockdown, re-open, repeat.

As we've come to expect, spending more time at home resulted in a massive boom in ecommerce at the onset of the pandemic. In April 2020 we saw an almost 90/10 split, giving spend majority to online. As restrictions loosened, the balance began to shift towards in-store. However, a January 2021 sequel to the first lockdown would reinforce the online spending advantage with a roughly 70/30 split. The type of industry significantly impacts the share between shopping methods. For example, categories that include essential services may not have experienced as dramatic a shift. Spend is rarely ever entirely in-store or online, being equipped to accept both can help set businesses up for success.

Spend data: Split swap – onset of the pandemic

Business category	Payment method	March 2020	April 2020	May 2020	June 2020
Apparel	Online	37%	91%	58%	33%
	In-store	63%	9%	42%	67%

About the data: Figures are based on share of total spend volume. Moneris spending reports measure spending in Canada across a range of categories by analyzing credit and debit card transaction data. The figures cited are derived from aggregated transaction data being processed by Moneris in the applicable categories.

Spend data: Split swap – post-holiday lockdown

Business category	Payment method	November 2020	December 2020	January 2021	February 2021
Apparel	Online	39%	41%	71%	41%
	In-store	61%	59%	29%	59%

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Post pandemic prognosis.

While the more dramatic spikes were ultimately short-lived, Moneris' joint study with Angus Reid shows that the pandemic did leave a lasting impact on how Canadians shop. The share of online spending remains slightly elevated relative to the pre-pandemic landscape. The result is a 5% percent increase in online Apparel sales in August 2022.

Spend data: August split of online versus instore

Business category	Payment method	August 2019	August 2022
Apparel	Online	19%	24%
	In-store	81%	76%

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Spend data is also in line with survey data from Canadians as they reflect on changes in their spending habits. Most Canadians felt their spending habits were about the same or skewed towards more online. Very few thought they began shopping more in-store after the pandemic.

Spend data: Results for respondents who selected "more online" Canada

Business category	Keep increasing	About the same	Start decreasing
Clothing and apparel	27%	63%	10%

About the data: In partnership with Moneris, the Angus Reid Group conducted an online survey among a representative sample of n=1,515 adult Canadians. The respondents are members of Angus Reid Forum. For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 2.5 percentage points, 19 times out of 20.

It’s getting colder but online sales are only heating up.

With the holidays on the horizon, Moneris is predicting the share of online spending to increase even further and peak in November. Because of the season’s many savings, online spend is expected to reach a share of almost 35%.

Spend data: Forecasted split of online versus in-store for 2022

Business category	Payment method	October	November	December
Apparel	Online	32%	35%	34%
	In-store	68%	65%	66%

About the data: Figures are based on share of total spend volume. Moneris spending reports measure spending in Canada across a range of categories by analyzing credit and debit card transaction data. The figures cited are derived from aggregated transaction data being processed by Moneris in the applicable categories.

Online is on the rise.

Through all the highs and lows of pandemic spending, Canadians seemed to have found their happy medium when it comes to online vs. in-store shopping. Survey respondents who said their online shopping increased compared to pre-pandemic don't expect that trend to continue over the next couple of years. When surveyed about spending on Apparel roughly half of the respondents said their online vs in-store mix would remain the same, with some respondents seeing a bit more room for growth online.

Survey data: Compared to pre-pandemic, how has spend changed? Canada

Spend category	More online	About the same	More in-store
Clothing and apparel	40%	47%	12%

About the data: In partnership with Moneris, the Angus Reid Group conducted an online survey among a representative sample of n=1,515 adult Canadians. The respondents are members of Angus Reid Forum. For comparison purposes only, a probability sample of this size would carry a margin of error of +/- 2.5 percentage points, 19 times out of 20.

To see how the survey data translates to spending data we can compare the change in compound annual growth rate (CAGR). Looking at CAGR ending during the pandemic (2018 to 2021), Apparel sees online growing at a yearly rate of over 7%, while in-store was decreasing at -15%. Taking CAGR to the present (2018 to 2022), Apparel's yearly growth online is at -1%, while in-store is now declining at -10%.

Survey data: Comparison of compound annual growth rate (CAGR) ending in 2022 versus 2021

Business category	Payment method	CAGR for 2018 to 2021	CAGR for 2018 to 2022
Apparel	Online	7%	-1%
	In-store	-15%	-10%

About the data: Figures are based on spend volume, with forecasted volume for the remainder of 2022. Moneris spending reports measure spending in Canada across a range of categories by analyzing credit and debit card transaction data. The figures cited are derived from aggregated transaction data being processed by Moneris in the applicable categories.

About Moneris

Moneris is Canada's largest provider of innovative, unified solutions for mobile, online and in-store payments, processing more than one in three transactions. Serving businesses of every size and industry, Moneris offers hardware, software and solutions to help transform the way businesses grow and operate, in payments and beyond.

For more information, please visit **moneris.com**
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Angus Reid is Canada's most well-known and respected name in opinion and market research data. Offering a variety of research solutions to businesses, brands, governments, not-for-profit organizations and more, the Angus Reid Group team connects technologies and people to derive powerful insights that inform your decisions.

Data is collected through a suite of tools utilizing the latest technologies. Prime among that is the Angus Reid Forum, an opinion community consisting of engaged residents across the country who answer surveys on topical issues that matter to all Canadians.

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