

Shopify's State of Commerce Report

JUNE 2019



Over the last year, the retail industry has experienced tremendous disruption and with these changes, both merchants and their customers have found new opportunities. In its first State of Commerce Report, Shopify found that online storefronts represent over 80% of sales and over 62 million buyers have bought from the same store twice.

Shopify has continued its global growth with more than 820,000 merchants on the platform in over 175 countries, with new insights on what's driving commerce and buying behavior around the world.

At Shopify, our ecosystem consists of a variety of merchants, some selling services, selling goods or selling both.

Shopify found that our merchants report selling a variety of goods: Physical goods dominate with over 80%, 2% selling services only, 13% are hybrid (goods + services), 3% other.*

**Merchant country examined: Global*

***This data is based on Shopify's Merchant Survey*



Methodology

This report is based on:

1. A subsection of global sales data on Shopify from April 2018 to April 2019.
2. An online global survey of 3,832 Shopify merchants in March 2019.
3. Quantitative and qualitative research on consumers in Canada and the United States in December 2018, including interviews and an online survey of 2,653 consumers.

North American Consumer Buying Behavior

We've determined there are four different types of buyers in North America: Trend Trackers, Engaged Explorers, Savvy Searchers and Pragmatic Planners.

Trend Trackers

Hesitant to provide personal information, make the least amount of money, least likely to spend money, yet they are impulsive and they strongly prefer to buy in-store, even after doing their research online.

Savvy Searchers

Comfortable with using digital tools and prefer to research product options online and need a lot of information before making a purchase decision. They have high expectations in the quality of their purchases.

Engaged Explorers

Like to buy new things and shop to make themselves feel good. They will prioritize a great deal on a familiar brand and rely heavily on reviews and share advice with their networks when making purchase decisions.

Pragmatic Planners

Do not particularly enjoy shopping as an experience and tend to stick to the brands they know and trust. They prefer to research their options online, yet prefer to buy in-store, likely on pre-planned one-stop-shop trips.



North American Consumer Buying Behavior

	Trend Trackers	Engaged Explorers	Savvy Searchers	Pragmatic Planners
% of Buyer Population	28%	13%	28%	31%
Buying Motivation	Wanting it	Experiencing it	Finding it	Needing it
Attitude To Marketing and Personalization	Indifferent to marketing engagement	Wants to engage with marketing	Wants to discover for themselves	Does not want to engage with marketing

**This information is based on the North American Consumer Buyer Survey*

01

The battle for brand loyalty

Brand loyalty is slowly taking the lead over individual purchases.

Over 50%

of shops see a buyer purchase 2 or more times from their store.

Over 62 million buyers

have bought from the same store twice - representing over 14% of buyers overall.

Last year, on average,

buyers purchased 3.8 times from the same store.

**Merchant country examined: Global*

While **Trend Trackers** are less likely to go to the same stores each time they shop, both **Engaged Explorers** and **Pragmatic Planners** demonstrate the highest brand loyalty.

**Merchant country: Canada and the United States*

01

The battle for brand loyalty

Brand loyalty is slowly taking the lead over individual purchases.

Shops in Japan

are more likely than any other country to have repeat buyers.

**Merchant country examined: Australia, Canada, China, France, Germany, Hong Kong, Ireland, Japan, New Zealand, Singapore, UK, United States*

73%



of North American respondents agree that "once they find a product or brand they like, they stick with it."

02

Seasonal Shopping

It's no secret that retail holidays like Black Friday, Cyber Monday and Singles Day play a role in impacting the holiday shopping season. But what happens outside of the holiday season? January comes in at the top of the list as the busiest sales month outside of November and December, likely due to carry-over sales and overstock.



November

is the most popular shopping time worldwide. This is likely due to big retail events like Black Friday, Cyber Monday, Singles Day and pre-holiday shopping.

February

is predominantly the least active shopping month

**Merchant country examined: United States, UK, Canada, Australia, China*

The biggest growth YoY

was in the 3rd week of January, possibly indicating that more people are shopping on Martin Luther King Day weekend than last year.

**Merchant country examined: Global*

02

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January

is the shopping month with the largest year over year growth outside of the holiday season.

This also aligns with the biggest YoY growth for store launches. Merchants may be launching stores in January as a New Years resolution or have carry-over sales and overstock.

**Merchant country examined: Global*



While **January** is the month with the largest YoY growth outside of the holiday season, the 4th overall biggest YoY growth by week is **Valentine's Day week**. Despite industry belief that all holiday sales are declining, our data is showing the opposite—**YoY sales growth peaks around holidays**.

03

Online Purchasing Habits

More people are buying online than ever before. Complementing this, buyers are also more likely to buy from the same store when they make an online purchase.

The number of buyers buying from Shopify merchants continues to grow.

2018	2017
218 million	163 million

Consumers in the US

buy nearly twice as much (6 items) as any other country (2-3 items).

**Merchant country examined: United States, UK, Australia, Canada, Germany, France, New Zealand, Singapore, Ireland, Japan*



The number of buyers buying from Shopify in 2018 is **25 times** the population of New York City.

**Merchant country examined: Global*

03

Online Purchasing Habits

More people are buying online than ever before. Complementing this, buyers are also more likely to buy from the same store when they make an online purchase.

Consumers in Germany

make the fastest shopping choices online.



Germany
17.68 min



France
18.97 min



UK
19.32 min

VS



US
23.47 min



Canada
26.90 min



Japan
27.60 min



Singapore
28.23 min

*Merchant country: Germany, France, United Kingdom, Ireland, United States, Australia, New Zealand, Canada, Japan, Singapore

03

Online Purchasing Habits

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Consumers in Japan

spend the most on average per transaction.

¥ Japan
\$141.72 USD

\$ Canada
\$100.66 USD

\$ Singapore
\$91.09 USD

\$ Australia
\$85.42 USD

\$ United States
\$81.26 USD

\$ New Zealand
\$76.26 USD

€ Ireland
\$73.26 USD

€ Germany
\$72.43 USD

£ United Kingdom
\$67.13 USD

€ France
\$65.04 USD

**Merchant country: Germany, France, United Kingdom, Ireland, United States, Australia, New Zealand, Canada, Japan, Singapore*

04

Shop Around The Clock

Whether a night owl or a mid-day shopper, it's apparent that across geographies and no matter what the peak browsing/transaction hour is, consumers shop to unwind.



Peak Transaction Time

Canada: 5PM EST

United States: 5PM EST



Canada



USA

Peak Browsing Time

Canada: 8PM EST

United States: 12AM EST

04

Shop Around The Clock

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Buyers in North America shop at 5PM EST.

These shopping trends could be reflective of a 9-5 culture, with North Americans using their time right after work to unwind and shop. Or potentially killing time just before work ends to shop. **US's peak browsing time is midnight, while Canada's is 8PM.**

36%



Across all buyer segments, 36% of North American respondents agree that “they often buy things to cheer themselves up.”

05

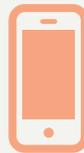
Mobile, Desktop or Tablet?

Geography has an impact on which medium buyers prefer to make a purchase from. This could be due to the availability of features and certain technologies in those locations and cultural preferences.



Vietnam, New Zealand, Netherlands, Singapore, Morocco, Ireland, Malaysia, Denmark

purchase more on tablet than mobile.



US, Canada, Australia, China, UK

use all three mediums for purchasing.



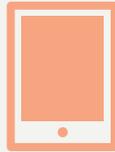
India

purchases more on desktop and tablet than mobile.

05

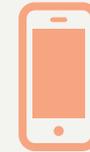
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United Arab Emirates

purchases more on tablet than any other medium.



Brazil

purchases more on mobile than desktop.



Mexico

purchases more on desktop than any other medium.



Denmark

purchases more on tablet and the least on mobile.

06

Marketing Gap For Business Owners

Making the sale

While social media plays a big role in discovery, brands on Shopify make more revenue through their online and physical stores. Merchants also make more revenue from their owned channels, when they own the direct relationship with the buyer compared to other avenues such as marketplaces.



Online Storefronts

represent over 80% of sales.



Second largest sales channel

is point-of-sale (POS).

**Merchant country examined: Global*

06

Marketing Gap For Business Owners

Marketing continues to be the biggest challenge businesses face

Over 30% of merchants state that marketing is one of their biggest challenges, followed by building a brand at 22%.^{**}

According to our merchant survey,

social media plays a big role in discovery, but **online storefronts are twice as likely to be the main source of revenue.**^{**}

**Merchant country examined: Global*

***This data is based on Shopify's Merchant Survey*



Average online order
\$75 vs. \$62 for in-person spending.

**Merchant country examined: Global*

07

Retail Reborn

In-person selling is an important and ever evolving part of the direct to consumer retail strategy for business owners. An omni-channel approach is key for merchants, as many buyers do product research online before walking in the shop.

100,000+ retailers

We're seeing more in-store selling with 100,000+ retailers using Shopify POS software to sell in-person in 2018.*

**Merchant country: Global*



14% increase

From 2018 to 2019, merchants using Shopify POS increased by 14%.

**Merchant country: Global*



Significantly more North American buyers prefer **researching** online than in-store, but significantly more buyers prefer **buying** in-store than online.

**Merchant country examined: Canada and the United States*



Products By Country



Products By Country



Dance Dresses / Skirts and Costumes

This is a top-selling product in **Germany (5)**. For most other countries, this product doesn't even rank in the top 50.

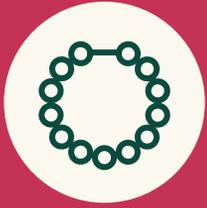
💡 **Fun Fact:** Oktoberfest in Germany is a large costume holiday!



Shirts and Tops

One of the highest-ranking products sold across almost all countries, usually holding the first, second or third spot.





Bracelets

Are a top-selling product in **Germany (4)**, **France (5)**, **US (8)**, **Canada (9)**.

 **Fun Fact:** Highest-ranked jewelry item overall.



Tea and Infusion and Knives

These products rank higher in **Japan (4)** than most other countries.



Nail Polish and Facial Cleansers

These are high selling products in **Singapore (5)(6)**.



Vitamins

A fairly high-selling product sold across all countries.

 **Fun Fact:** This is the top selling product in New Zealand.



Perfume & Cologne and Lingerie

These are a top-selling products in **France (4)(6)**.



Shoes

Are a popular product purchase across most countries.

 **Fun Fact:** While shoes are a popular product everywhere, this product under indexes in Germany & Japan.



Mobile Phone Cases

A popular product purchase everywhere. While shirts & tops rank high across all countries, mobile phone cases are also a universally highly sold product.



Books

Books are a high-selling product across all countries.