

Payments and E-commerce Report

North America



Gain expertise and get granular insights on e-commerce in North America: consumer demographics, payment preferences, cross-border shopping stats and more.

North America

Growth in North America, robust in recent years, is beginning to slow. By the end of 2019, GDP in the US was expanding at 1.9% year-on-year¹. The Federal Reserve predicted a full-year growth of 2.2% for 2019². By the end of the year, retail sales were growing at a rate of 0.3% – under a forecast of 0.4%³.

In Canada, the re-election of Justin Trudeau ensured continuity in economic policy⁴. The IMF expected Canada's GDP to grow by 1.5% in 2019, around half a percent lower than its January 2019 forecast⁵. The engine of Canada's growth is the Western province of Alberta, the home of the country's oil and gas industry, which is projected to grow by 2.4% in 2020⁶ (compared to 1.9% for the Canadian economy as a whole⁵).

The IMF expected Mexico's economy to expand by just 0.9% in 2019, rising to 1.9% in 2020⁵. By the end of 2019, Mexico officially went into recession⁷, despite the US still growing relatively strongly (Mexico usually shadows its northern trade partner). In November, the Mexican government announced a five-year \$44.3 billion plan which it hopes will give the economy a shot in the arm⁸.

All three North American countries would benefit if their governments could put an end to the uncertainty over the United States–Mexico–Canada Agreement (USMCA), which is set to replace NAFTA when it finally comes into force⁹.

THE NORTH AMERICAN E-COMMERCE MARKET

The North American e-commerce market is worth just under \$912 billion and is growing at a rate of 13% a year¹⁰. The average North American e-shopper spends around \$3,500 a year online and e-commerce sales already account for 14% of all retail sales¹⁰. In the US, the most popular purchase categories are travel (14%), clothing (14%) and food and drink (11%)¹⁰. In Canada, the categories are travel (22%), clothing (13%) and electrical goods (8%)¹⁰. While in Mexico they are travel (17%), clothing (13%) and homeware (12%)¹⁰.

Amazon dominates the North American market, with 49.1% of e-commerce sales¹¹. The rapid rise of e-commerce has had devastating consequences for the previously beloved American mall in what commentators have dubbed the 'retail apocalypse'. According to the New York Times, US retailers shut 5,994 stores in the first half of 2019 alone, more than in the whole of 2018¹².

THE LOCAL PAYMENT CULTURE

The most common online payment method in North America is the credit card, with a 59% share of the e-commerce payment market¹⁰. E-wallets have a 22% market share, bank transfers 8%, cash 5% and various other minor

payment methods 6%¹⁰. The North American card market is dominated by Visa, with a 56% market share¹⁰. Mastercard has 24% of the card market, American Express 9% and other and local issuers the remaining 11%¹⁰.

The popularity of local payment methods is growing. Cap Gemini's 2019 World Payments Report predicts a 5% growth rate for digital transactions in North America over the next five years¹³.

ENABLING AND LIMITING FACTORS

79% of North Americans are banked and 53% have a credit card¹⁰. However, there is a big variance between Mexico and the two other countries of this report, with Mexico having a 36.9% banked population against Canada's 99.7%¹⁰.

Internet penetration in North America has hit 83% and 81% of the population has an Internet-enabled smartphone¹⁰. An eye-opening 39% of all e-commerce transactions are completed on a mobile device¹⁰.

CONCLUSION

North America is holding its breath to see what happens next year with issues such as the USMCA and the US-China

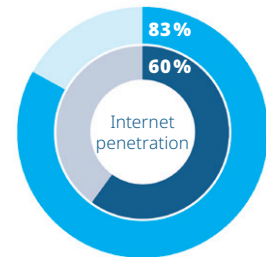
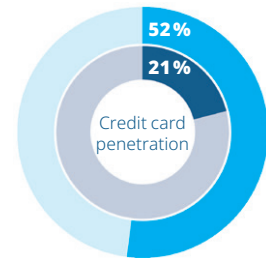
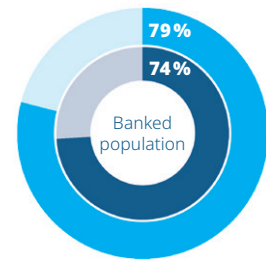
trade dispute. The answer will determine how fast the region's economy grows and how willing consumers are to spend. But no matter what happens, North America is a highly lucrative but also highly competitive e-commerce market.

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1. Economy Grew at 1.9% Rate in Quarter, Hit by Trade Fight and Global Weakness, 30 October 2019, Patricia Cohen, The New York Times
 2. Economists Don't See Path to 3% Growth in 2019, 12 September 2019, Harriet Torry, The Wall Street Journal
 3. Retail Sales Raise Doubts on Consumer Demand. The Dow Is Up Anyway, 15 November 2019, Alexandra Scaggs, Nasdaq
 4. Canada's Liberals in the Minority, 11 November 2019, Alexander Frost, Axco
 5. World Economic Outlook, July 2019, International Monetary Fund
 6. Forecast that Alberta, B.C. will lead country in economic growth in 2020 'a bit bullish': experts, 26 November 2019, Emily Mertz, Global News
 7. Recession Is Edging Closer. Pass the Tequila, 26 November 2019, John Authers, Bloomberg
 8. UPDATE 2-Mexico infrastructure plan could lift growth but challenges persist - Moody's, 26 November 2019, Anthony Esposito and Sharay Angulo, Reuters
 9. Why Nafta Isn't Dead (Yet) and What Might Replace It, 26 November 2019, Sarah Babbage, Bloomberg
 10. Original PPRO research
 11. Top 10 US Ecommerce Companies in 2018, 17 September 2018, eMarketer.
 12. U.S. Retail Stores' Planned Closings Already Exceed 2018 Total, 12 April 2019, Sapna Maheshwari, The New York Times
 13. World Payments Report 2019, Cap Gemini.

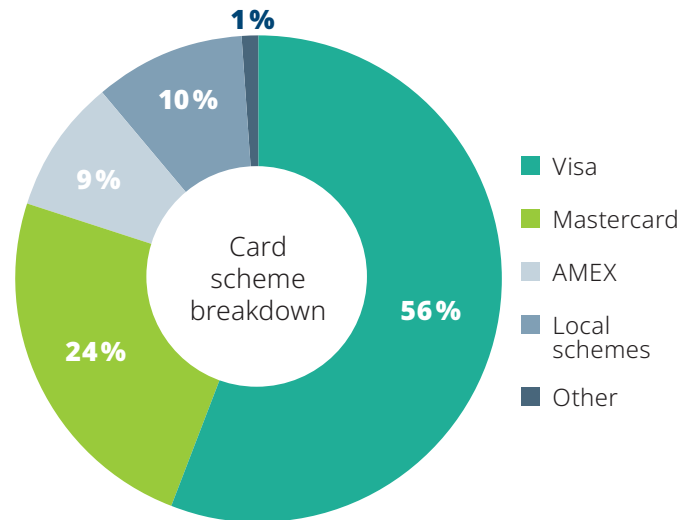
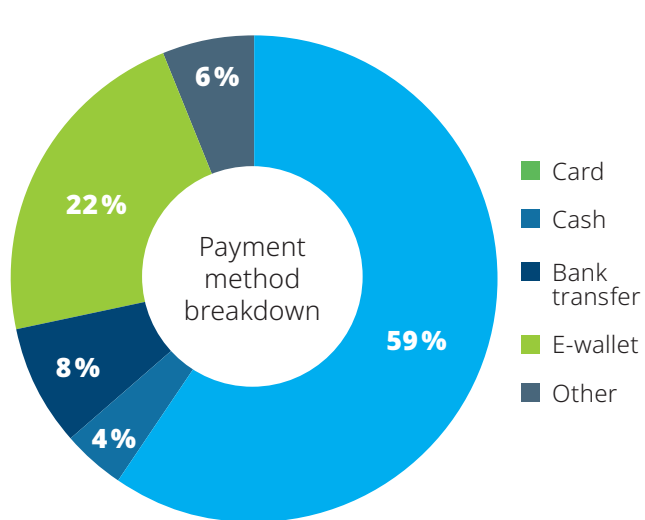
Regional Payment Trends

| | Region | World |
|------------------------------|----------|---------|
| Population | 490.4 m | 7.6 bn |
| Population (15+) | 389.7 m | 5.6 bn |
| GDP | 23.4 tr | 85.8 tr |
| GDP per capita | 47,770 | 11,299 |
| B2C e-commerce | 911.8 bn | 3.4 tr |
| B2C e-commerce growth | 13% | 18% |
| Online population | 408.8 m | 4.5 bn |
| Smartphone penetration | 81% | 58% |
| Mobile e-commerce | 39% | 50% |
| Average online spend | 3,500 | 2,594 |
| E-commerce % of total retail | 14% | 16% |

Currencies in this report are always depicted in \$USD



Region World



| | | |
|--------|-------|----|
| Canada | | 6 |
| Mexico | | 8 |
| USA | | 10 |

Canada

15%
e-commerce growth

| | Canada | Region | World |
|------------------------------|--------|---------|---------|
| Population | 37.1 m | 490.4 m | 7.6 bn |
| Population (15+) | 31.1 m | 389.7 m | 5.6 bn |
| GDP | 1.7 tr | 23.4 tr | 85.8 tr |
| GDP per capita | 46,125 | 47,770 | 11,299 |
| Online population | 34.4 m | 408.8 m | 4.5 bn |
| Smartphone penetration | 86% | 81% | 58% |
| Average online spend | 2,253 | 3,500 | 2,594 |
| E-commerce % of total retail | 8% | 14% | 16% |

TOP E-COMM SEGMENTS



Airlines & Hotels: **22%**



Clothing & Footwear: **13%**



Electrical goods: **8%**

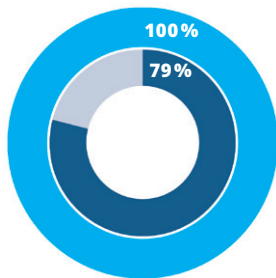


Health & Beauty: **8%**

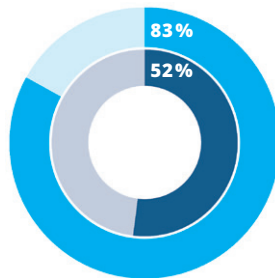


Food & Drink: **8%**

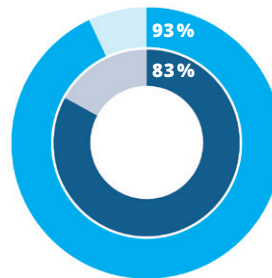
Banked population



Credit card penetration



Internet penetration



■ Canada ■ Region



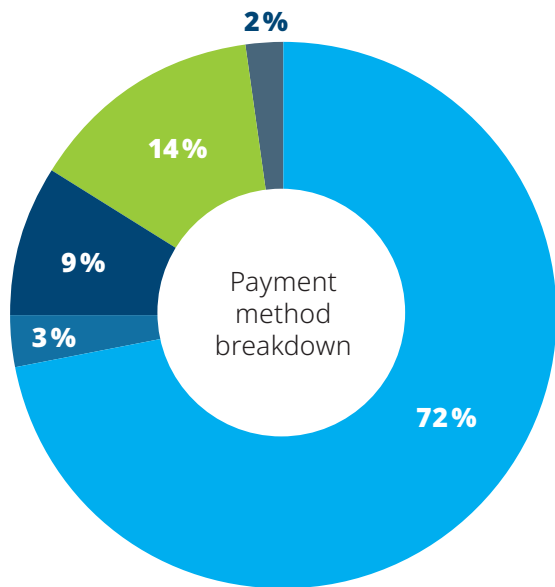
B2C e-comm.
51.8 bn



Mobile e-comm.
33% of total



Cross-border e-comm.
23% of total

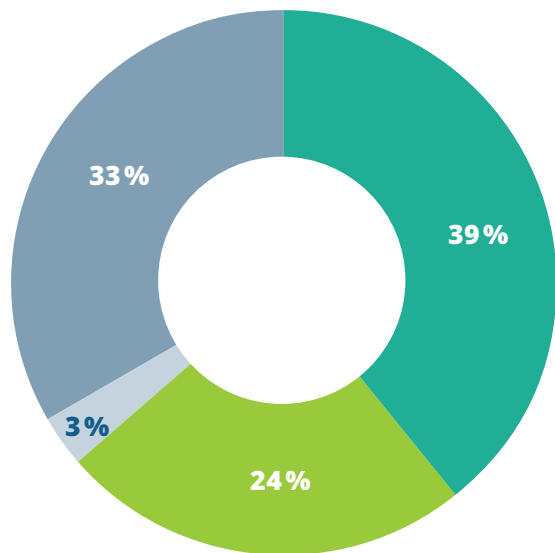


- Card
- Cash
- Bank transfer
- E-wallet
- Other

72% Card total
 49% ICS
 23% Interac

9% Bank transfer total
 7% Standard
 2% Interac Online

14% E-wallet total
 10% PayPal
 4% Other



- Visa
- Mastercard
- AMEX
- Local schemes

11.9 bn
Cross-border e-commerce value
63% shop cross-border

- USA: 53%**
- China: 30%**
- UK: 4%**

Mexico

34%
e-commerce growth

| | Mexico | Region | World |
|------------------------------|---------|---------|---------|
| Population | 126.2 m | 490.4 m | 7.6 bn |
| Population (15+) | 93.1 m | 389.7 m | 5.6 bn |
| GDP | 1.2 tr | 23.4 tr | 85.8 tr |
| GDP per capita | 9,698 | 47,770 | 11,299 |
| Online population | 83.3 m | 408.8 m | 4.5 bn |
| Smartphone penetration | 72% | 81% | 58% |
| Average online spend | 595 | 3,500 | 2,594 |
| E-commerce % of total retail | 2% | 14% | 16% |

TOP E-COMM SEGMENTS



Airlines & Hotels: **17%**



Clothing & Footwear: **13%**



Homeware & Furniture: **12%**

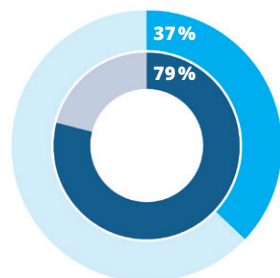


Electrical goods: **11%**

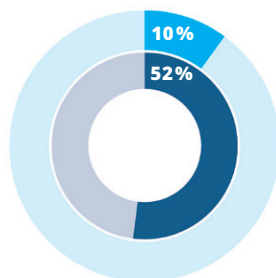


Food & Drink: **8%**

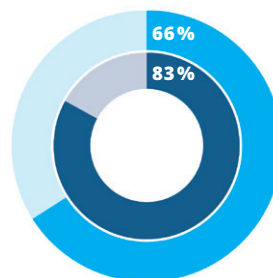
Banked population



Credit card penetration



Internet penetration



■ Mexico ■ Region



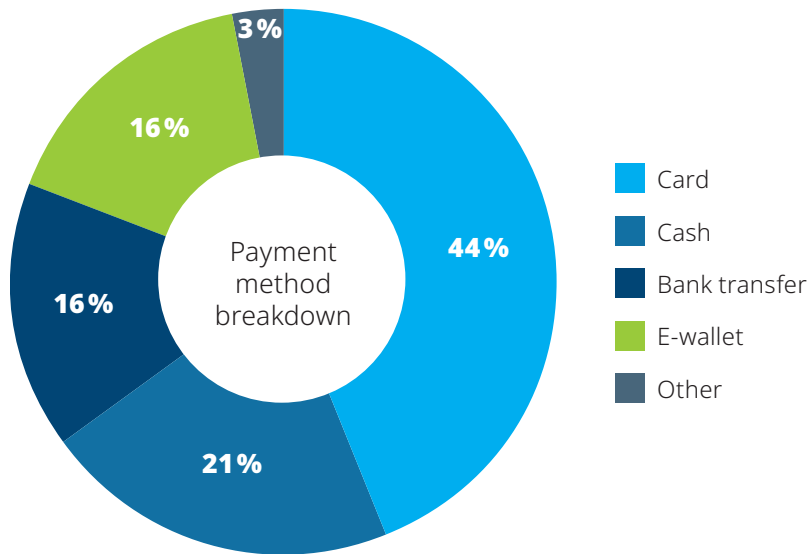
B2C e-comm.
29.3 bn



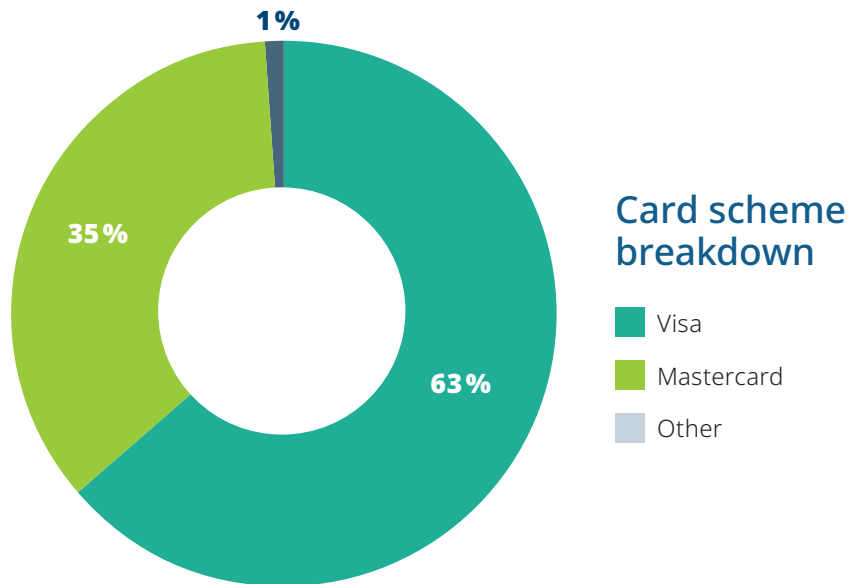
Mobile e-comm.
44% of total



Cross-border e-comm.
31% of total



16% E-wallet total
13% PayPal
3% MercadoPago



9.2 bn
Cross-border e-commerce value
66% shop cross-border

- USA: 43%**
- China: 35%**
- Japan: 4%**

USA

12%
e-commerce growth

| | USA | Region | World |
|------------------------------|---------|---------|---------|
| Population | 327.2 m | 490.4 m | 7.6 bn |
| Population (15+) | 265.6 m | 389.7 m | 5.6 bn |
| GDP | 20.5 tr | 23.4 tr | 85.8 tr |
| GDP per capita | 62,641 | 47,770 | 11,299 |
| Online population | 291.2 m | 408.8 m | 4.5 bn |
| Smartphone penetration | 84% | 81% | 58% |
| Average online spend | 3,680 | 3,500 | 2,594 |
| E-commerce % of total retail | 15% | 14% | 16% |

TOP E-COMM SEGMENTS



Airlines & Hotels: **14%**



Clothing & Footwear: **14%**



Food & Drink: **11%**

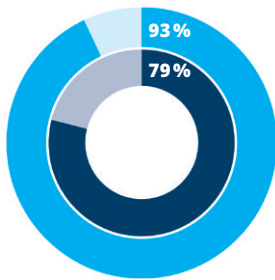


Electrical goods: **8%**

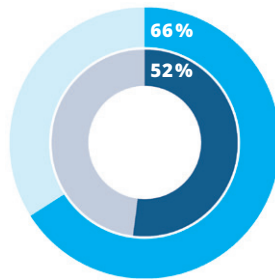


Homeware & Furniture: **8%**

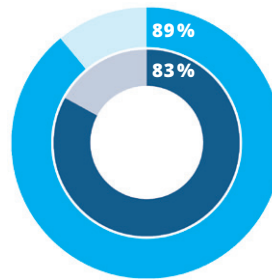
Banked population



Credit card penetration



Internet penetration



■ USA ■ Region



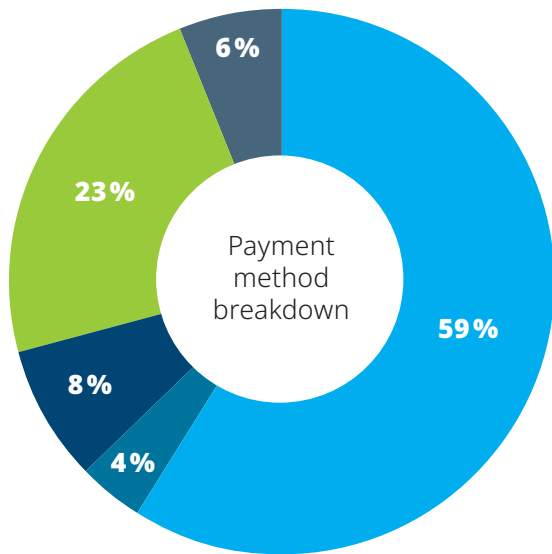
B2C e-comm.
830.7 bn



Mobile e-comm.
39% of total



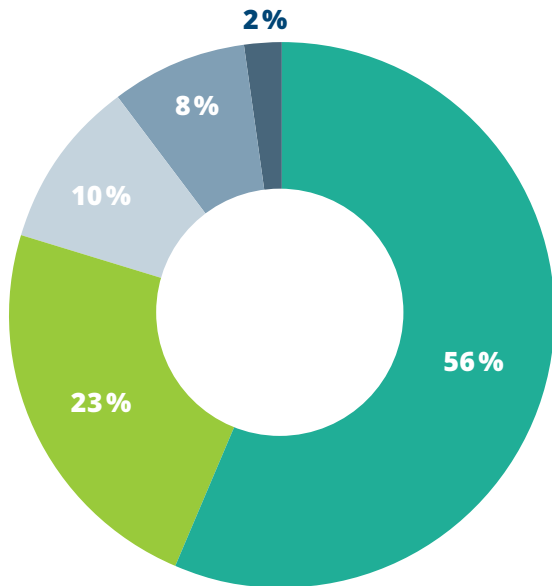
Cross-border e-comm.
12% of total



- Card
- Cash
- Bank transfer
- E-wallet
- Other

59% Card total
 54% ICS
 5% Local schemes

23% E-wallet total
 12% Other
 11% PayPal



- Visa
- Mastercard
- AMEX
- Local schemes
- Other

96.4 bn
 Cross-border e-commerce value

63% shop cross-border

- China: 57%**
- UK: 10%**
- Canada: 6%**



As one of the very first payment service providers, Computop offers its customers around the world local and innovative omnichannel solutions for payment processing and fraud prevention. The internally developed Computop Paygate payment platform enables seamless integrated payment processes for e-commerce, at POS and on mobile devices. Retailers and service providers have the flexibility and freedom to choose from over 350 payment methods enabling them to specifically tailor their payment options per country. Technologies such as biometric authentication and self-learning algorithms improve security and convenience for retailers and consumers alike.

Computop, a global player with its head office in Germany and locations in China, England and the USA, has been servicing large international companies in the service, retail, mobility, gaming and travel industries for more than 20 years. These companies include global brands such as Amway, C&A, Fossil, the entire Otto Group, Sixt, Swarovski and Wargaming. Computop also provides its payment system to banks and financial service providers as a white-label solution. In total, Computop processes commercial payment transactions with a combined value of USD 36 billion annually in 127 currencies. With its individual and secure solutions, Computop makes a major contribution to the future of international payment processing.

Sources: PPRO and Edgar, Dunn & Company

Computop has been partnering with PPRO for a number of years and many of the alternative payment methods mentioned in this guide are provided through this partnership. PPRO provides Computop with the ability to accept locally preferred payment methods like e-wallets, bank transfers, cash, and local cards in more than 175 countries across the globe. Through one contract and one API.

<https://www.ppro.com/almanac>

For questions and inquiries about Computop's solutions, contact a payment specialist in your area or visit www.computop.com.

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