

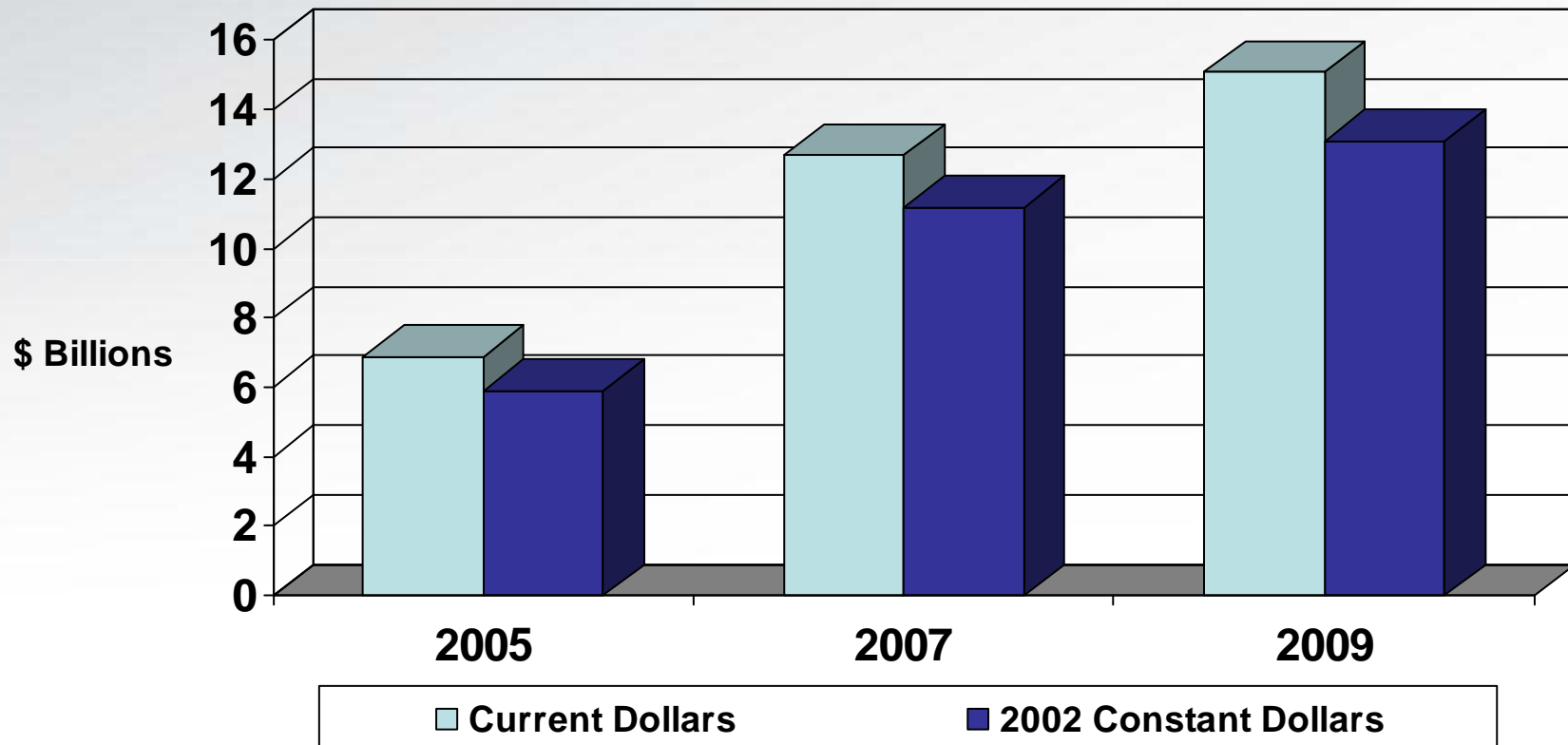
The Surge of Ecommerce in the Canadian Market

World Mail & Express Conference
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Canadian Spending Overview



Value of Canadian Online Orders



Source: Statistics Canada, The Daily, Released September 10, 2010 <http://www.statcan.gc.ca/daily-quotidien/100927/dq100927-eng.pdf>

Internet Shopping Statistics



	2007	2009
Canadians		
Internet users (%)	73	80
Online shoppers (%)	32	39
Number of orders		
Total number (thousands)	69,886	95,669
Average number per person	8.3	9.0
Value of orders		
Total value (\$ thousands)	12,772,147	15,071,062
Average value per person (\$)	1,520	1,420
Average value per order (\$)	183	158

Source: Statistics Canada, The Daily, Released September 10, 2010 <http://www.statcan.gc.ca/daily-quotidien/100927/dq100927-eng.pdf>

Internet Shopping – By Type of Online Order



	% of Online Shoppers	
	2007	2009
Travel services and arrangements	45	49
Other entertainment products	32	40
Books, magazines and online newspapers	37	35
Clothing, jewelry and accessories	29	33
Music	22	26
Computer software	20	22
Consumer electronics	20	21
Toys and games 15 19	15	19
Flowers, gifts 16 18	16	18
Videos and digital video discs (DVD)	14	15
Computer hardware	13	13

Source: Statistics Canada, *The Daily*, Released September 10, 2010 <http://www.statcan.gc.ca/daily-quotidien/100927/dq100927-eng.pdf>

Border Compliance & Security Standards



- ↑ Canadian ecommerce has created demand for qualified shipping services
- Unique aspects that differentiate the Canadian clearance process from other countries:
 - Advance Commercial Information
 - Trusted Shipper Programs
 - Tax Structure
 - Fee Structure

Advanced Commercial Information



- Canada's new security cornerstone – Advanced Commercial Information (ACI)
 - Introduced in phases over the last several years
- Current Phase - e-Manifest portal
 - Requires all carriers, all transportation modes, electronically submit shipment information prior to arrival at the border
 - Precise notification timelines and processes for each mode of transportation
- Carriers have the onus of ensuring compliance with ACI and e-Manifest

“Trusted” Shipper Programs



- The Pre-Arrival Screening program (PARS)
 - Agency: CBSA
 - Participants: Approved Carriers
 - Program Details: Submittal of clearance documentation up to 30 days prior to a shipment’s expected arrival at the Canadian border
- Partners in Protection (PIP)
 - Agency: CBSA
 - Participants: Private Industry
 - Program Details: Allows companies to voluntarily take steps to ensure the security of the supply chain through internal reviews of every business relationship

“Trusted” Shipper Programs



- Free and Secure Trade (FAST) program
 - Agency: CBSA & U.S. Customs and Border Protection
 - Participants: Qualified Shippers
 - Program Details: Facilitates cross border trade by allowing qualified shippers to undergo a risk assessment. FAST members are regarded as low risk, and are generally granted expedited clearance at the border.
- Customs Self-Assessment
 - Agency: CBSA
 - Participants: Highway Carriers
 - Program Details: Offers expedited clearance for low risk shipments

Tax Structure



- Goods and Services Tax (GST)
 - Assessed on almost all goods or products entering Canada
 - Rate is 5%, effective since January 1, 2008
- Harmonized Sales Tax (HST)
 - Combination of the federal Goods and Services Tax (GST) and the regional Provincial Sales Tax (PST) into a single sales tax
 - Found in 5 of 10 Canadian provinces (Ontario, New Brunswick, Newfoundland and Labrador, British Columbia, Nova Scotia)
 - Rate is varied amongst provinces but averages 8%

Fee Structure



- Products are subject to Customs Duties
- Goods subject to Excise Taxes and Other Fees
- If fees are owed, the value of the goods are converted into CAD to determine fees owed
- Additional Fees include:
 - Brokerage Fees
 - Disbursement Fees
 - Conversion Fees

Canadian Demographics



- Population: 32 million people
 - Ranks 37th in the world
- Population Density: 3.5 people per square kilometer
 - Ranks 2nd in the world
- Nearly 80% of the Canadian population lives in urban areas
 - More than 25 million people
- 80% of the population live within 100 miles of the U.S. border

Language of Choice



- Two Office Languages - French and English
- Preferred Language
 - 77% English
 - 23% French
- French language predominate in Quebec
 - French is the sole official language
- 1 million French speakers interspersed throughout Canada
 - Sizeable pockets of French-speakers located throughout provinces

Loyalty Matters to Canadians



- A 2005 study by Leger Marketing
 - 63% of respondents have an interest in whether or not the goods and services they are buying are from Canadian companies
 - Willing to pay up for 13% more for Canadian goods
- A 2009 study by Forrester Research
 - 46% of dissatisfied online shoppers are more likely to develop a negative perception of the company
 - 44% will tell their friends and family about the experience

Key Challenges



- Avoid Hidden Costs
 - Provide customers with a landed cost at time of purchase
- Offer Shipping Options
 - Service Options / Carrier of Choice
- Tracking
 - 79% of customers said tracking capability was their most important customer service requirement
- Don't Ignore Returns
 - Roughly 7% of all goods come back in the form of returns
 - 89% of Canadian consumers said they expected free shipping for their returns

Thank You



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