

Market Analysis

URLY DIGITAL MARKETING 

July 10th, 2020

Industry analysis

Industry Overview

Related Industry

E-Commerce & Online Auctions in Canada – NAICS: 4541

This industry is made up of establishments that sell merchandise online through an online store or auction site.

Other relevant industries (Quebec industry categorization):

- Entreprises de vente directe – CAE: 6921

Industry at a Glance

Key Statistics



\$10.2bn

Revenue

Annual
Growth
2014–
2019

12.8%

Annual
Growth
2019–
2024

7.8%

Annual Growth
2014–2024



\$726.2m

Profit

Annual
Growth
2014–
2019

16.3%

Annual Growth
2014–2019



7.1%

Profit Margin

Annual
Growth
2014–
2019

1.0pp

Annual Growth
2014–2019



6,549

Businesses

Key External Drivers

% = 2014–19 Annual Growth

2.6%

Consumer confidence
index

3.1%

Number of fixed
broadband connections

0.9%

Per capita disposable
income

-0.1%

Leisure time

Industry Structure



POSITIVE IMPACT

Life Cycle	Industry Globalization
Growth	Low / Increasing



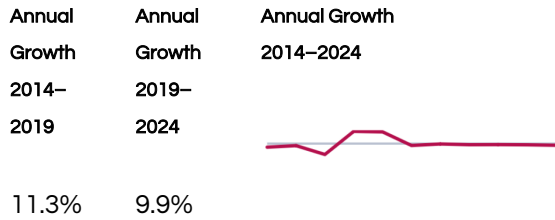
MIXED IMPACT

Revenue Volatility	Capital Intensity
Medium	Medium
Concentration	Regulation & Policy
Medium	Medium / Increasing
Technology Change	
Medium	



NEGATIVE IMPACT

Industry Assistance	Barriers to Entry
Low / Increasing	Low / Steady

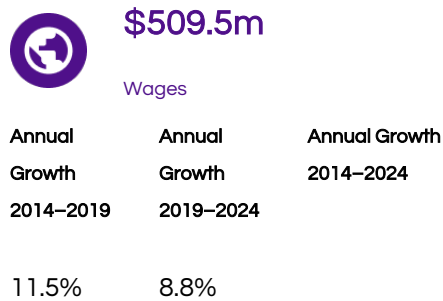
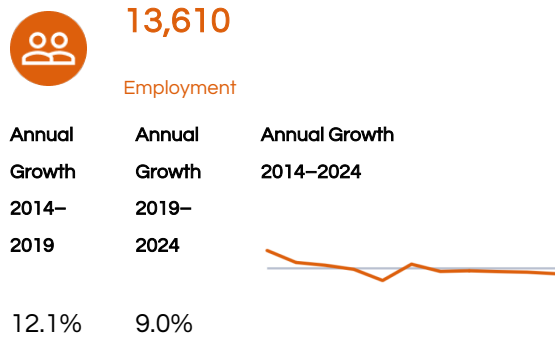


Competition

High / Steady

Key Trends

- Innovation in payment methods has drawn reluctant customers to make online purchases
- The transition to online shopping has greatly increased during the current period
- Low barriers to entry have brought many new entrants into the industry
- The industry is expected to benefit from changes in consumer preferences
- The number of fixed broadband connections is anticipated to grow over the next five years
- Regulated credit card transaction fees will likely help slow competition
- Industry profit has expanded as a result of steady revenue growth



Trends

1. The industry is expected to benefit from changes in consumer preferences (consumers are anticipated to increasingly turn to less costly and more diverse options offered online.)
2. The transition to online shopping has greatly increased during the current period
3. Low barriers to entry have brought many new entrants into the industry

Key success factors

1. Customer service
2. Store Design:
 - a. User-experience: easy shopping and check-out processes (short click-distance to conversion actions)
 - b. Esthetically appealing: follow popular trends such as keeping minimalist look, large amounts of white space, interactive elements, etc.).
 - c. Mobile responsiveness
 - d. Increased use of visuals versus text content
 - e. Tell stories (use creative product names and descriptions)
 - f. Relay key information fast (i.e.: product specifications, care instructions, sizing table, etc.)
3. Implement customer retention activities/customer loyalty
4. Establish trust (i.e.: competitive pricing strategy, transparent and convenient purchasing policy and shipping policy)
5. Engage in multi-channel marketing: integrating marketing efforts on all customer touch points such as social media accounts, mailers, etc.

Leading Activewear Brands within the Canadian Market

Women's Activewear

- [PrettyLittleThing](#)
- [Gymshark](#)
- [Boohoo](#)
- [Missguided](#)
- The Bay
- [Boxraw](#)
- [Amazon](#)
- [Mark's](#)
- [ASOS](#)
- [Aliexpress](#)
- Fabletics
- Addidas
- Nike
- Underarmor

Men's Activewear

- [Chain Reaction](#)
- [Cycles](#)
- [SportChek](#)
- [Lululemon](#)
- [Puma](#)
- Addidas
- Nike
- Underarmor
- [Altitude-Sports](#)
- [Boxraw](#)
- [Mark's](#)
- The Bay
- [New Balance](#)
- [Gymshark](#)
- Fabletics
- Sport Experts

Marketing Mix Recommendations

Product Strategy

I strongly recommend devising a product catalogue that will include all product information and provide details for the product/collection concept.

Core Product (Benefit)

The term "Core Product" designates the key benefits that a product offering delivers (i.e.: comfort). The Find Your ID catalogue products should promote the following benefits:

- Trendy (main unique selling point)
- Comfortable
- Quality/Price balance
- Social impact

Actual Product

The term “Actual Product” designates the final physical product that is tangible (i.e.: t-shirt). The Find Your ID catalogue product categories should include the following:

- Mens
 - Shorts
 - Hauts (chandail & t-shirts)
 - Pantalons & collants
- Women
 - Shorts
 - Hauts (chandail & t-shirts)
 - Pantalons & collants
 - Assortis

- Accessories:

- Bouteilles d’eau

**Future: low-cost trendy work out accessories (i.e.: waist trainers, elastic bands, small sets of weights, skipping rope), yoga mats

The Find Your ID catalogue products should also include the following physical features:

Product Lines (Product Collection)	Design	Quality Level	Packaging
<ul style="list-style-type: none">• New Era• PutInWork	<ul style="list-style-type: none">• Client to decide	<ul style="list-style-type: none">• Client to decide	<ul style="list-style-type: none">• Light-weight• Simple• Small• Branded• Visually appealing (i.e.: poly mailers most popular)

Augmented Product

The term “Augmented Product” designates a product that has been enhanced by its seller with added features or services to distinguish it from the same product offered by its competitors. These added features are separate from the product itself. The Find Your ID product catalogue should include the following product augmentations:

- Post-sale services:
 - Customer profile (account, history of orders, etc.)
 - Package tracking
 - Flexible return policy
 - Reasonable shipping delay
 - Customer support services

Pricing Strategy

ID Shop should integrate the following pricing strategies:

- **Use a mixture of premium and competitive pricing strategies (4:1):**
Premium pricing (most popular) is defined as adding price premiums to the regular average competitor price of a comparable item to establish a sense of exclusivity and/or superior quality. Competitive pricing (popular among new entrants) is defined as setting similar or slightly lower pricing schemes as competitors in hopes of converting competitors’ customers. For every 4 premium-priced products, you should have 1 competitive price product. Adjust this strategy dynamically based on consumers’ behaviour. You may use the loss leader pricing strategy to select which items to price competitively. Ensure to NOT use competitive pricing strategy for high-cost items.
- **Use loss leader pricing:**
You should have a select few items priced low (called “loss leaders”), assuming that the visitor is likely to buy high-priced complimentary products along with the loss leader products during his or her purchase.
- **Use anchor pricing:**

Always display regular and discounted price to increase the perception of bargain buying.

- **Use an appealing number scheme:**
 - Round numbers to nearest decimal numbers
 - Sell more products by ending your prices with the number 9 (these are more appealing than numbers ending in 4 or 0)
- **Show currency**

Distribution

ID Shop should integrate the following distribution strategies:

Inventory Management

- **Automated Inventory System**
- **Set par levels (minimum quantity levels) and reorder points:** These should be based on how quickly the item sells and how long it takes to get back in stock.
- **First-in, first-out (FIFO):** is an important principle of inventory management. It means your oldest stock (first in) gets sold first (first out), not your newest stock (If the same boxes are always sitting at the back, they're more likely to get worn out. Plus, packaging design and features often change over time. You don't want to end up with something obsolete that you can't sell.)
- **Manage relationship with manufacturers:** Minimum order quantities are often negotiable. Don't be afraid to ask for a lower minimum so you don't have to carry as much inventory. A good relationship isn't just about being friendly. It's about clear, proactive communication. Let your supplier know when you're expecting an increase in sales or generating a lot of purchase orders so they can adjust production. Ask them to notify you when a product is running behind schedule so you can pause promotions or look for a temporary substitute.

Shipment Strategy

- Respect established standard shipping policy (industry standard 3-10 business days for domestic shipping)
- Keep packaging light weight, simple, small and visually appealing (i.e.: poly mailers most popular)
- Facilitate returns by including return labels in packaging (if applicable)
- Use appropriate mailing labels
- Use a “warehouse-like” location such as a basement to store and ship all inventory from one place (allows for better tracking of inventory)

Promotion

ID Shop should integrate the following promotional strategies:

- Sweepstakes (purely based on chance) /contest (purely based on skill)
- Google / Social Media Advertising
- Social Media Content
- Mailers (Future)
- Affiliate Marketing / Partnerships (Future)
- Loyalty Programs (Future)
- Sales Promotion (recommend only on regular priced items)
 - Gift sales promotions (i.e.: water bottles)
 - “Free shipping over” sales promotions
 - New subscription and returning customer coupons
 - Holiday coupons

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