GS1 RFID - Local Inventory Impact
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"What is a ‘nudge unit’?"
Nudge: a small change with a big impact

The 2017 Nobel prizes
The Nobel in economics rewards a pioneer of “nudges”

Richard Thaler becomes one of very few behavioural economists to receive the discipline’s highest honour
Local Availability is a classic ‘nudge’

- Study: Group of people urged to get vaccinated with compelling info
- Most agreed they intended to get vaccinated
- Only 3% did
- However, when reminded of the location and opening hours of the clinic and noting in calendar, 27% did
- Even though they already knew where the clinic was

“Often we can do more to facilitate good behaviour by removing some small obstacle than by trying to shove people in a certain direction” - Richard Thaler

Where does Google Show local inventory?
Local Inventory Ads (Pay Per Click Marketing)

- Shows local inventory available close by
- Distance to store (1.7km) or distance to store + click and collect (550m - collect)
- After click, store location, hours, similar stocked items shown
- Based on data feeds uploaded by merchant daily or more frequently
- Feed accuracy confirmed by manual check
Google Maps ‘See What’s in Store’ (Free)
Local Products on Display Network (beta)

- Shows your selected top products from the Local Inventory Feed in a display ad format
- Includes store location and availability
- Most common use case: displaying availability for the items in your weekly catalogue
What does Google use to show Local Inventory?

A data feed like this:

<table>
<thead>
<tr>
<th>id</th>
<th>store code</th>
<th>quantity</th>
<th>price</th>
<th>availability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1234</td>
<td>bondi_junction</td>
<td>12</td>
<td>11.99</td>
<td>In stock</td>
</tr>
<tr>
<td>1234</td>
<td>burwood</td>
<td>2</td>
<td>11.99</td>
<td>limited availability</td>
</tr>
<tr>
<td>1234</td>
<td>hornsby</td>
<td>0</td>
<td>12.99</td>
<td>out of stock</td>
</tr>
<tr>
<td>5678</td>
<td>hornsby</td>
<td>1</td>
<td>299.00</td>
<td>on display to order</td>
</tr>
</tbody>
</table>

A sample of SKUs are manually checked by our store check team before ads can go live. Threshold is >90% accuracy.
Measuring the impact of showing local inventory
What can be measured in relation to Local Inventory?

- % of searchers who saw or clicked before shopping & change in clickthrough-rate
- % of those who visited a store (store visit rate)
- % of those who purchased (transactions rate)
- Basket size of shoppers who saw inventory
- Lifetime customer value of shopper who saw inventory
45% increase in local shopping queries

Source: Google/Purchased Digital Diary: How Consumers Solve Their Needs in the Moment, May 2016
3 in 4 people who conduct a local search on their smartphone visit a physical place within 24 hours.

Source: Google/Purchased Digital Diary: How Consumers Solve Their Needs in the Moment, May 2016
25%+ of those searches result in a purchase

Source: Google/Purchased Digital Diary: How Consumers Solve Their Needs in the Moment, May 2016
Shoppers Are Going to Stores with More Purpose

81% of shoppers checked whether a product was in-stock before heading to a store to buy.

50% faster growth from local searches on mobile devices than mobile searches overall.

10% more in spend for consumers who click on an advertiser’s Google Search ad prior to visiting a store, on average.


The OMNICHANNEL consumer is a more valuable client.

Compared to the annual average spend of people who only shop in one channel.
25% more likely to buy in the store, spending over 10% more on average.

Source: Google Internal Data, 2017
### Example of local inventory uplift calculation

<table>
<thead>
<tr>
<th>1000 Interested customers</th>
<th>% who saw local inventory</th>
<th>% who visited store (incremental or not)</th>
<th>% who bought (about 25% higher than usual)</th>
<th>average basket size (add 10% higher than usual)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000 Interested customers</td>
<td>0.5</td>
<td>0.5</td>
<td>.25</td>
<td>$55</td>
</tr>
</tbody>
</table>

- $3437.5
66 cents of incremental ecommerce dollars via Amazon

US Commerce Department, August 2017