

# GOOGLE MERCHANDISE STORE: "NOT EVERYTHING ONLINE"

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## DIGITAL ANALYTICS

European Google Merchandise Store (Option A, 1)

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*A data-driven proposal by:*

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# INTRODUCTION

The Google Merchandise Store has been selling products online since 2006. After the news broke that this year Google is looking to open a European brick-and-mortar store, we were hired to choose which city to place the store. We are excited to present our findings. We will explain our analysis in the following format: first we will explain the current online Google Merchandise store. Then we will go step-by-step into our analysis and what we learned using Google Analytics and Data Studio. We will highlight the key metrics we used to arrive at our solution. And finally, we will explain our findings and what business decisions we believe Google should make. The Google Merchandise Store is an ecommerce site that sells Google-branded merchandise.

You can buy things like apparel, bags, and stationary, from all of Google's brands, the most popular being Google, Android, and YouTube. Google has open-source real-world data from their merchandise store that can be used to analyze all kinds of data including traffic source data, audience information, acquisition costs, transactional data, and more, all on Google Analytics. Most people arrive to [googlemerchandise.com](http://googlemerchandise.com) through organic search, but the online store also receives traffic from referrals, paid search, social media, and display ads. With the use of this open-source data, we were able to analyze Google Merchandise Store's customer behavior and sales performance in each country for each product category and extract some insights.

## OBJECTIVE

Our objective is to analyze the best possible solution to open a Google Merchandise brick-and-mortar store. To do so, we have used some of the tools we learned from our Digital Analytics course: Google Analytics and Google Data Studio. On the next page is our step-by-step analysis with images from our dashboard.

# ANALYSIS



We set up a Data Studio Dashboard and used Google's open-source data from their online merchandise store with the date range set to 1 January 2018 – 31 December 2020. Filtering for users and new users, we discovered that from all of the European countries, the United Kingdom has the highest numbers in both categories (86,710 and 84,232, respectively, see figure 1). Narrowing our location to the United Kingdom, we filtered for the city with the highest number of users and new users and concluded that London is the top city for both categories (34,273 and 31,333, respectively, see figure 2). A high number of users and new users shows that there is awareness and interest amongst customers for Google Merchandise Store products.



Figure 1:

| Why United Kingdom? It has the highest number of users and new users |        |           |  |
|--|--------|-----------|--|
| Country  | Users  | New Users |  |
| 1. United Kingdom  | 86,710 | 84,232    |  |
| 2. Germany   | 45,281 | 44,714    |  |
| 3. France  | 38,845 | 39,404    |  |
| 4. Spain   | 33,770 | 33,272    |  |
| 5. Netherlands   | 24,910 | 24,581    |  |



Figure 2:

| Why London? It has the highest number of users and new users |        |           |  |
|--|--------|-----------|--|
| Town/City  | Users  | New Users |  |
| 1. London  | 34,273 | 31,333    |  |
| 2. Manchester  | 1,520  | 1,429     |  |
| 3. Birmingham  | 1,504  | 1,448     |  |
| 4. Leeds   | 1,246  | 1,195     |  |
| 5. Glasgow   | 1,241  | 1,202     |  |

Focusing on London, we looked at user trends and discovered that the number of users has actually decreased during our selected timeframe (see figure 3). We decided on two key metrics to focus on: E-commerce conversion rate and bounce rate. During our selected time period, London's e-commerce conversion rate was only 0.35% compared to the European average of 1.5%. We hypothesize that with such a low conversion rate online, perhaps a brick-and-mortar store would have better success. Our second metric, bounce rate, is also a key indicator because it has increased recently. In the last half of 2020, the bounce rate for London has increased by 10% to reach 51.12% (see figure 4).



Figure 3:

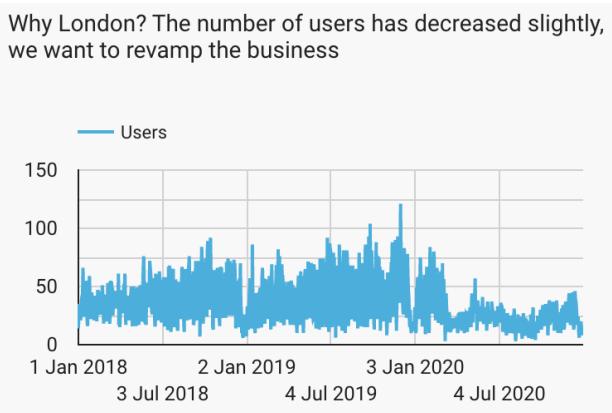


Figure 4:



# ANALYSIS

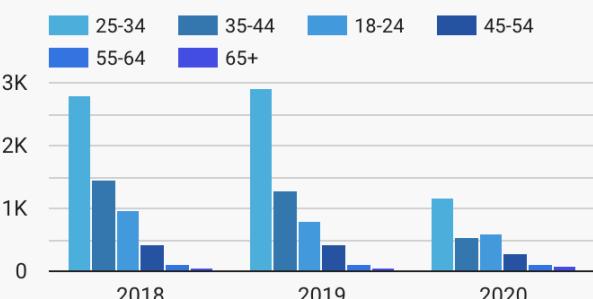


Next, we drilled down into our audience. Starting with demographics, we filtered the data into age groups, we found that the Google Merchandise Store has seen the most significant decrease with Gen Z's and millennials (see figure 5). This will be a key factor later on when we are deciding our target market and when deciding on a neighborhood to place our store in order to cater to this target market. Also in demographics, we looked at the gender distribution and discovered that in 2018 there were twice as many men as women buying from the Google Merchandise Store. However, as we approach the end of our timeframe, we see that the difference between men and women has decreased drastically (see figure 6). We can conclude that both sexes will be included in our target market.



Figure 5:

Age distribution: We decided to target the millennials group as this age group has decreased the most

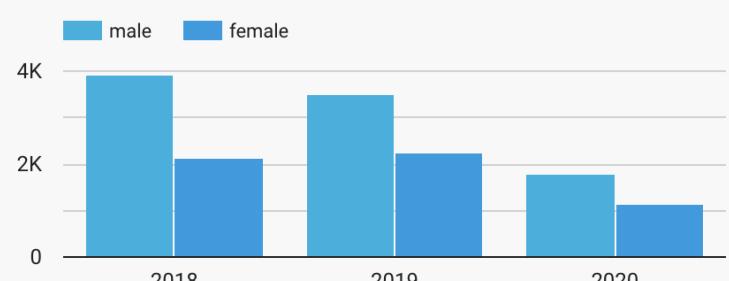


The next part of our audience exploration deals with audience interests. This data will help us get an idea about who our users are on a more personal level. The top 5 “Affinity Categories” for London are: shoppers/value shoppers, media and entertainment/movie lovers, technology/technophiles, sports & fitness/health & fitness buffs, and media & entertainment/music lovers. The top 5 “Other Categories” in London are: arts & entertainment/TV & video/online video, arts & entertainment/celebrities & entertainment, reference/general reference, travel & transportation, and internet & telecom/mobile & wireless. Finally, looking at the “In-Market Segments” for London, the top 5 are: travel/hotels & accommodations, employment, travel/air travel, software/business & productivity software, and employment/career consulting services.

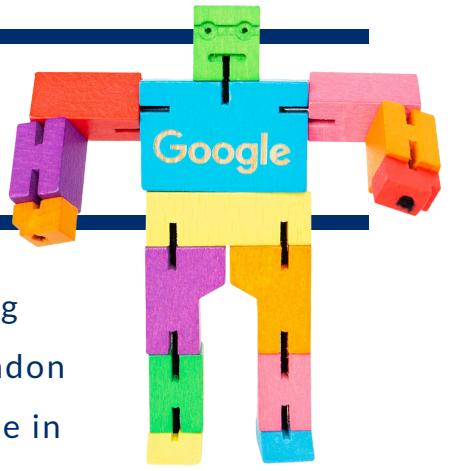


Figure 6:

We can observe a decrease of delta between genders



# ANALYSIS



User behavior is an important metric to look at when making business decisions. We found the top 5 products sold in London (based on USD value) and they are: Google 16 oz glass bottle in navy, Google glass bottle, google flat front bag grey, Nest Secure Alarm System, and Nest Hello doorbell.

After drilling down to find a city, a target market, and target items, the next step is to decide a location within London. We decided on the neighborhood of Shoreditch because it's a compelling mix of restored brick warehouses, gritty street art, independent coffee houses, and ethnic restaurants. Shoreditch is also a popular place to shop in London, so it is looking like the perfect place for the new Google Merchandise Store. We made an estimation of the costs required to open a popup store for four months in the Historic Spitalfields Market in Shoreditch, and unfortunately, it is quite expensive. To calculate the customer acquisition cost, we need to divide the total investment occurred by the total number of paying customers. To reach a customer acquisition cost of 2 pounds we would need at least 40,000 customers in four months, which means 10,000 customers a month or 333 customers a day; the numbers are not in our favor.

## Offline Campaign Investment

### Physical Store in Shoreditch

#### Our New Location

Historic Spitalfields Market, right at the heart of The City

Young and vibrant community made of students and corporate staff

#### Cost Estimation

|                   |            |
|-------------------|------------|
| Rent:             | £ 9'600/mo |
| Refurbishment:    | £ 26'000   |
| Mrk Campaign:     | £ 7'000    |
| 4 FTE:            | £ 6'000    |
| Insurance:        | £ 2'000    |
| Bills:            | £ 600      |
| -----             |            |
| Tot for 4 months: | £ 80'000   |

To reach a £2 CAC  
you need 40k Clients  
in 4 months.  
10k a month.  
333 a day.  
Seems a lot to us.

# PROPOSAL

If we compare the costs to open a popup store in Shoreditch with a normal online campaign to drive conversion, there is no doubt that it will always be cheaper to just run an online campaign. This CAC analysis brought us to our conclusion to recommend not opening a physical shop. Our decision is purely data-driven, thanks to data extracted from Google Analytics. However, even with this decision, we still think there is a way to revamp the London GMS business by creating awareness and not using the traditional online advertising approach. We believe that if we combine an online and offline approach, we could maximize the online conversion rate. Shoreditch is still our location of choice, for reasons explained earlier, and will be the place for our “Out of Home” campaign. The campaign will be offline, aimed at capturing the attention of customers, generate awareness, and increase conversion directly on the Google Merchandise Store website. Banners will be places around Shoreditch, drawn as graffiti on buildings or sidewalks, hanging on walls in art frames, on bus stops, and so on. In this innovative approach, we will increase awareness while speaking the same language as our target audience.

In conclusion, digital analytics helps us, at the end of the day, to make business decisions. We have analyzed the data and have found that opening a pop-up store will require a huge investment and lead to a high customer acquisition cost. However, there is a spin-off solution: an offline campaign integrated with a digital strategy can boost awareness and drive more business to the Google Merchandise Store.

