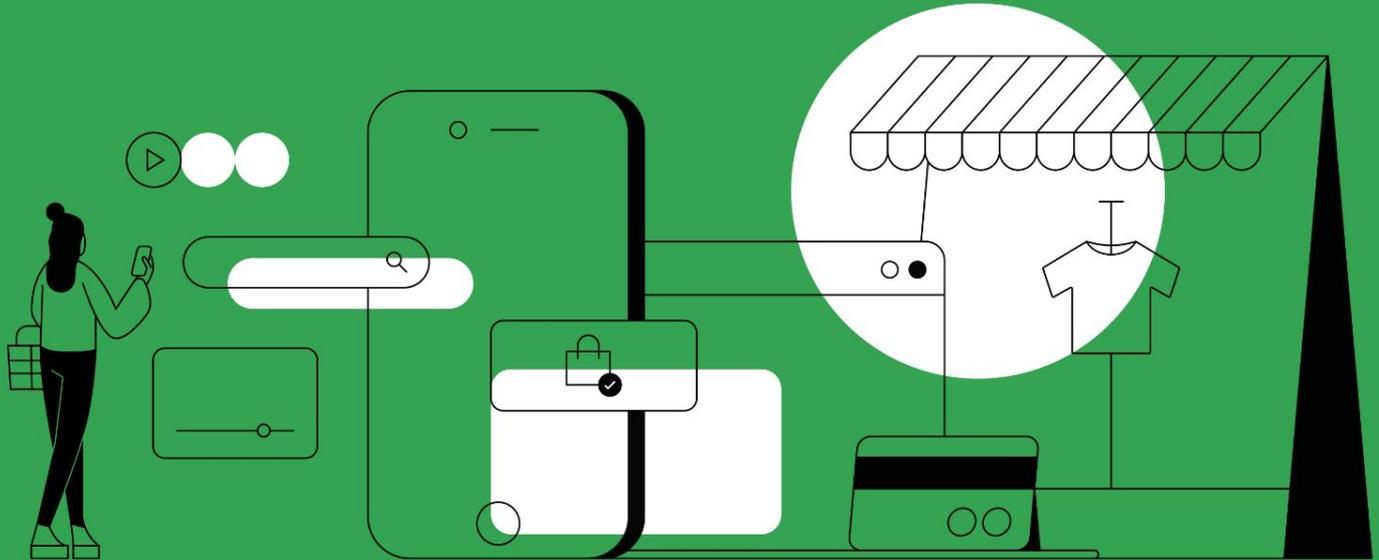# Get Retail Ready:
A meta study in driving business success

Background

The financial performance of a retailer relates to its ability to attract traffic into its stores and convert the incoming traffic into sales profitably. Thus, retailers invest heavily in marketing activities, to draw customers into their stores, and in store operations, to convert the traffic into profitable sales.

Retailers use different strategies to increase store traffic. They invest in prime real estate having desirable properties such as high foot-traffic of their targeted customer segments, convenience, and visibility. Once they determine a location, retailers drive store traffic in a variety of ways; these methods include spending on advertising, offering loss-leader products, and conducting various promotional events, such as offering discounts, getting celebrities like authors or sportspeople, etc.

In recent years, and especially since the outbreak of the Corona pandemic in 2020-2021, we have seen retailers build their digital infrastructure in recognition of consumers moving more and more behaviour online.

Across all subsectors of retail we see consumers spend time researching and buying products & services and this development only seems to be increasing. Obviously, offline channels are, and will remain, critical for many retailers' business success but understanding the interplay between the two channels and how to optimise them will increasingly become a critical workstream for retailers. In other words, there are no such thing as 'online customers' or 'offline customers' - there are only 'customers'. Sometime we meet them online, sometimes offline... they are, so to say, 'omnichannel'. Retailers must seek to become omnichannel in order to effectively meet their customers across all channels.

In recognition of this development, Google has continuously worked to bring to market products and services designed to help retailers connect with customers and provide a convenient way for consumers to find 1) what they are looking for, 2) when they need it, 3) where they want it, 4) at the right price.

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Analytic Partners

Partnership between

Google Market Insights

ANALYTIC PARTNERS

ANALYTIC PARTNERS
ROI Genome

Reliable insights through scale

An introduction to the study and method

What we did

20+

55+

152

The study

As a first step, during 2020 and 2021 we analysed the 20+ econometric projects we had conducted with real retailers in EMEA. We started identifying some patterns and insights.

Countries

Across more than 55 countries (primarily Europe and US) Analytic Partners executed a meta study on existing Retail Commercial Mix Models.

Case studies

The Analysis covers 152 Retail Commercial Mix models represented billions of dollars in marketing spend measured. The study thus builds on an unprecedented coverage across retail.

The Value of Scale

How **152** case studies helped us see the bigger picture

Ecommerce: A tale of growth

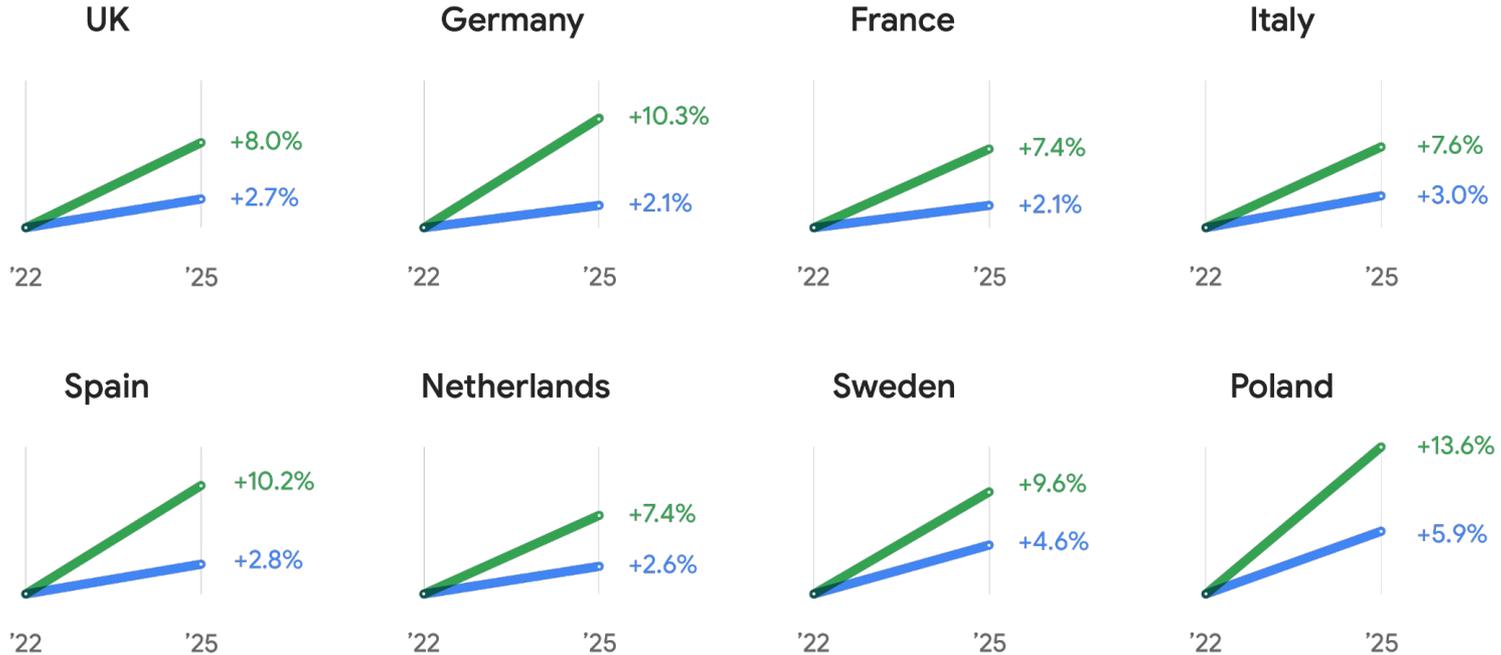Overall sales and how they have developed in the industry

2

Ecommerce is continuously growing and the trend has increased during the pandemic

Ecommerce as percentage of total retail sales worldwide from 2015 to 2025


Pandemic Hits

25%

20%

15%

10%

5%

0%

2015 2016 2017 2018 2019 2020 2021 2022 2023 2024
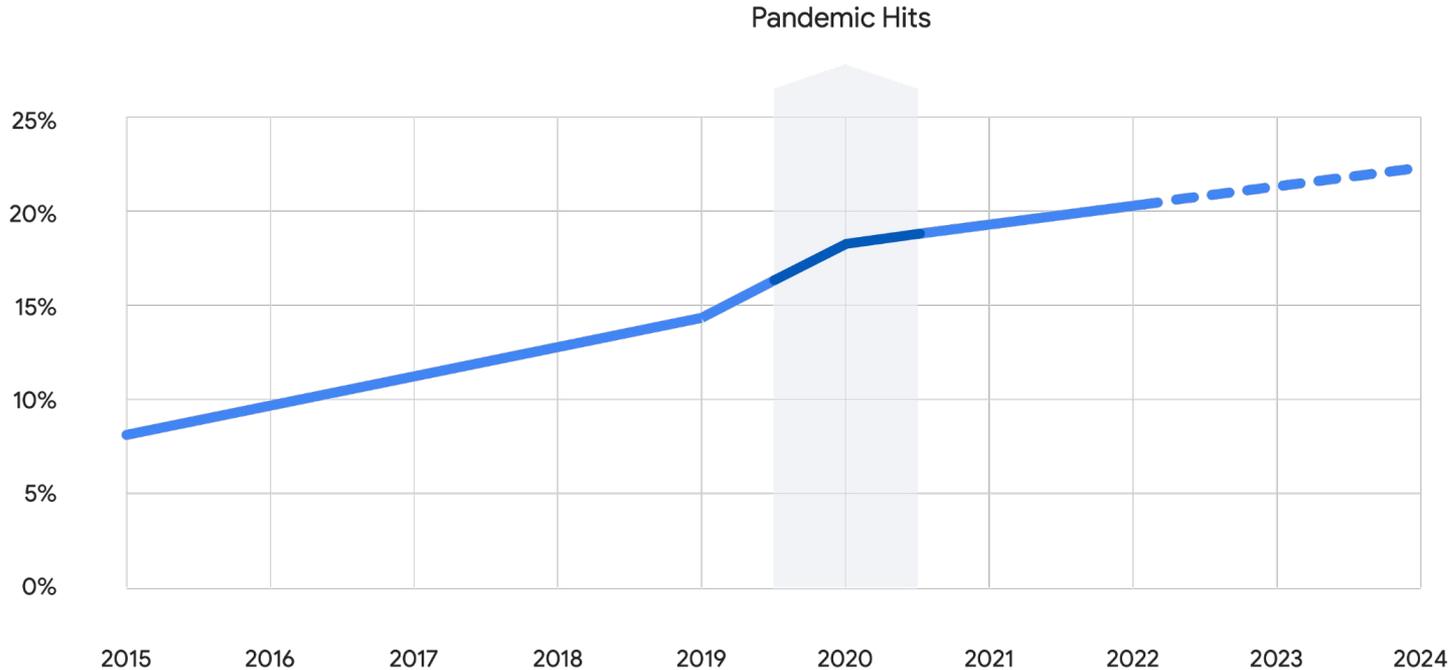
Ecommerce channel will have the highest growth rates

● Ecommerce and ● Store based retail market growth CAGR from 2022 to 2025

UK
+8.0%
+2.7%
'22   '25

Germany
+10.3%
+2.1%
'22   '25

France
+7.4%
+2.1%
'22   '25

Italy
+7.6%
+3.0%
'22   '25

Spain
+10.2%
+2.8%
'22   '25

Netherlands
+7.4%
+2.6%
'22   '25

Sweden
+9.6%
+4.6%
'22   '25

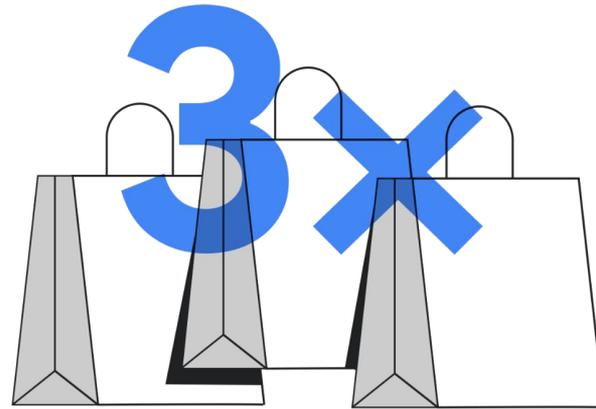### Poland
+13.6%
+5.9%
'22   '25

Among Omnichannel retailers, all combined media (digital + traditional) are more than 3x more important for driving Ecommerce revenue than it is for driving Brick & Mortar revenue
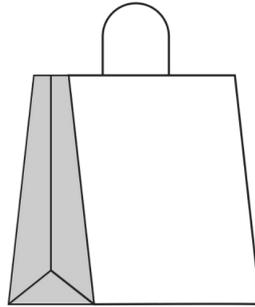
Brick & Mortar

10% Media share of revenue
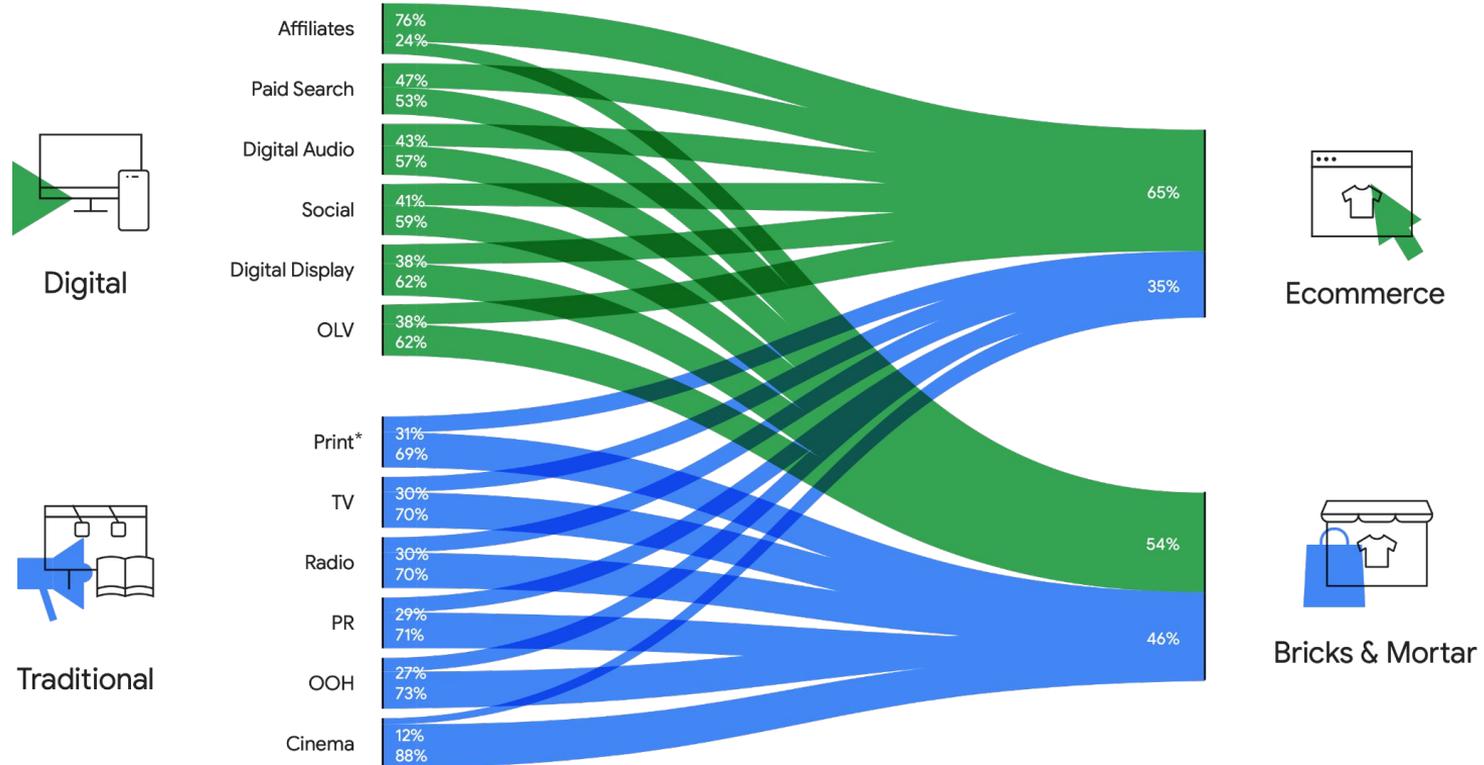
Ecommerce

30% Media share of revenue

All media channels drive both online and offline sales within retail

Average sales impact by media channels

Digital

Traditional

43%

57%

29%

71%

35%

65%

46%

54%

Ecommerce

Bricks & Mortar

All media channels drive both online and offline sales within retail

Average sales impact by media channels

Digital

Affiliates	76%
	24%
Paid Search	47%
	53%
Digital Audio	43%
	57%
Social	41%
	59%
Digital Display	38%
	62%
OLV	38%
	62%

Traditional

Print*	31%
	69%
TV	30%
	70%
Radio	30%
	70%
PR	29%
	71%
OOH	27%
	73%
Cinema	12%
	88%

Ecommerce

65%

35%

Bricks & Mortar

54%

46%
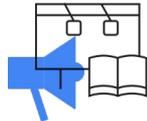
* Print data does not include promotional flyers/circular/leaflets

All media channels drive both online and offline sales within retail

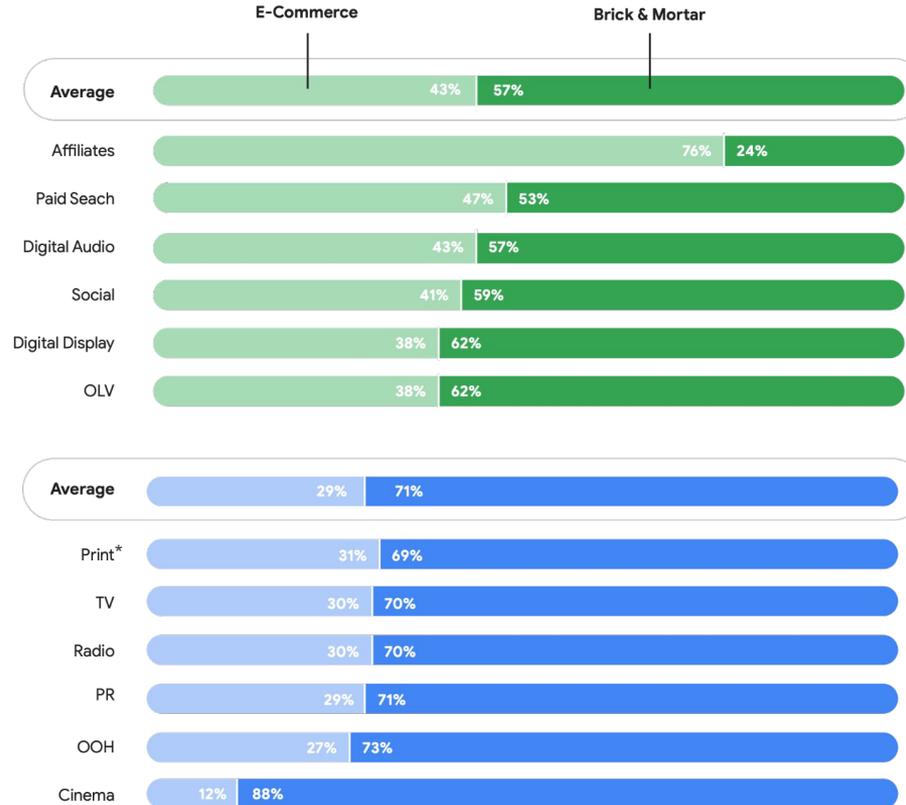Average sales impact by media channels

E-Commerce   **Brick & Mortar**

Digital

	E-Commerce	Brick & Mortar
Average	43%	57%
Affiliates	76%	24%
Paid Seach	47%	53%
Digital Audio	43%	57%
Social	41%	59%
Digital Display	38%	62%
OLV	38%	62%

Traditional

	E-Commerce	Brick & Mortar
Average	29%	71%
Print*	31%	69%
TV	30%	70%
Radio	30%	70%
PR	29%	71%
OOH	27%	73%
Cinema	12%	88%

* Print data does not include promotional flyers/circular/leaflets

Source: Analytic Partners ROI Genome, Global, 2019-2020
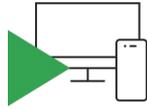
Balancing the media mix

Ecommerce performance numbers across online video, search and display

Among Omnichannel retailers, 22% of Ecommerce revenue is estimated to be driven by 'Digital media' and 8% of ECommerce is driven by 'Offline media'. 'Digital media' and 'Offline media' are equally important for driving Brick & Mortar retail revenue with each driving 5% of revenue.

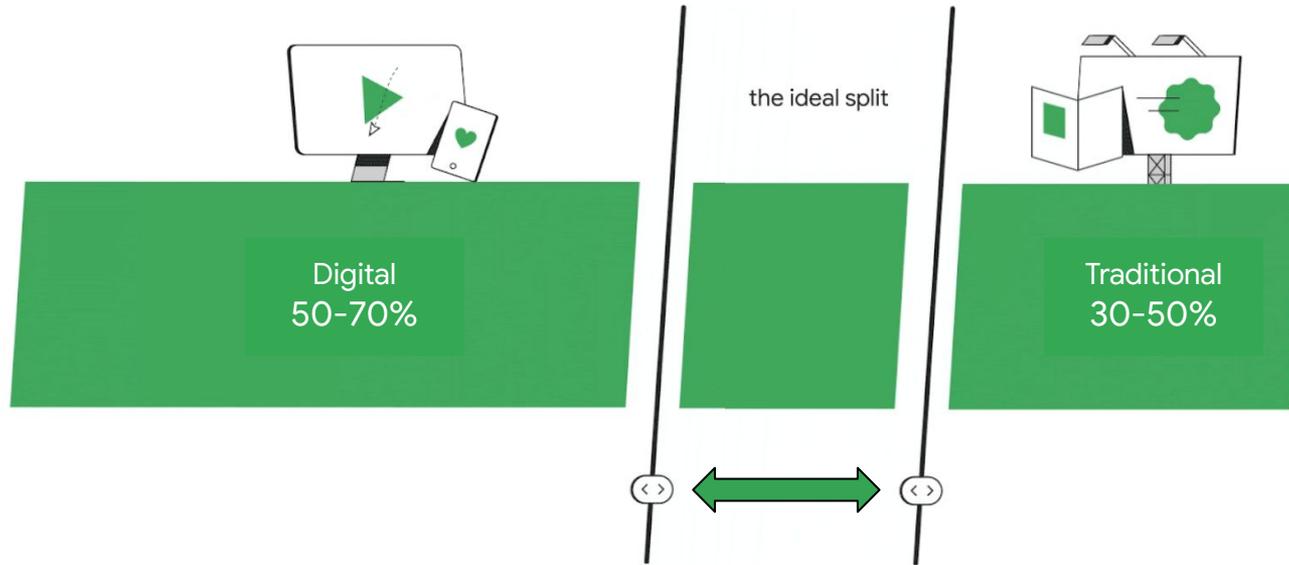● Digital media and ● Traditional media share of revenue

5%
5%

**Brick & Mortar**

22%

8%
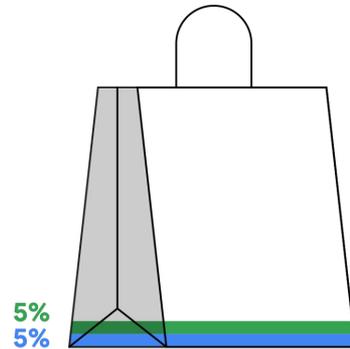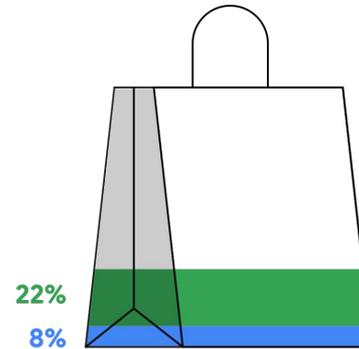
Ecommerce

Our research suggests that retailers should be spending between 50-70% of their marketing budget on digital marketing channels and between 30-50% on traditional marketing.

the ideal split

Digital
50-70%

Traditional
30-50%

Our research shows that for omnichannel retailers, online video has a 1.8X higher ability to drive e-commerce sales than the more traditional TV media channels.

133

74

1.8x

TV

Online Video
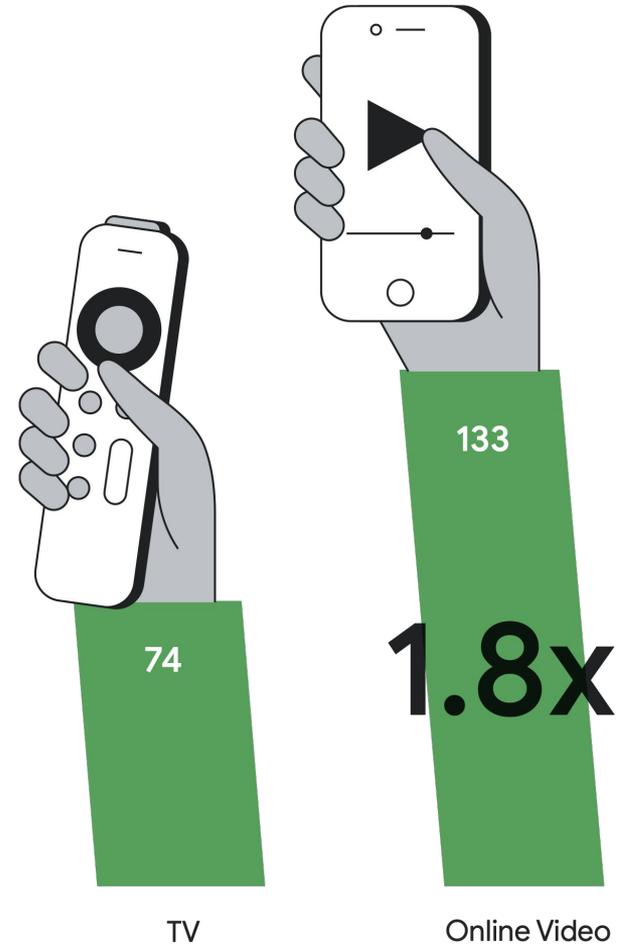
So how do you Get Retail Ready?
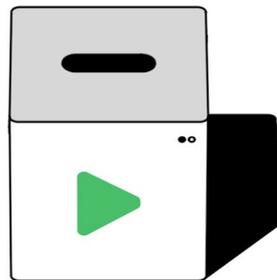
1 Follow the growth

- Are you set up from a budget perspective to capture the growth in Ecommerce?

- What next? Are you actively pursuing a digital transformation strategy to reflect the growth opportunities? Setting cross-business KPIs, using automation to drive optimal budget and bids, uncapping budgets.

2 Invest in online channels

- Are you measuring Online Video especially in the right way?

- Are you fully understanding how it drives both long and short term results?
Same for Search – there is a brand impact.

- What next? Measurement approach?
How to set it up?

3 Optimise to drive success

- Exploring within channels and formats drive the optimal outcomes.

- What next? Test and learn approach, use of automation to optimise creative messaging and targeting.