

The 5-year outlook on Google Shopping

Article



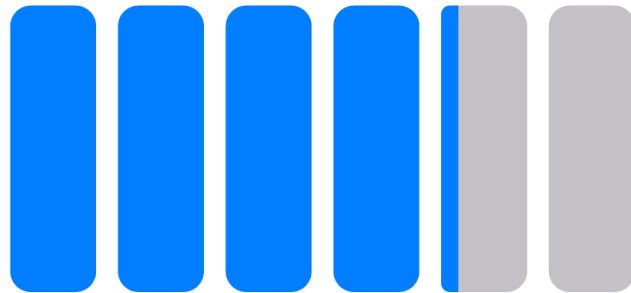
Google Shopping has evolved continuously since its inception. Originally launched in 2019 as a paid platform for merchants to advertise, it got off to a slow start.

In April 2020, Alphabet scrapped seller fees and made Google Shopping free for all US merchants, with a global expansion planned later that year. Since then, at least two dozen new features and tools have been released.

Google Shopping now aims to replicate the interactive and entertaining aspects of in-person retail by driving product discovery and inspiration.



Power Rating:



Google Shopping

Maturity/Iteration:



Disruption:



Integration:



Leverage:



Prediction for
5-Year Outlook:



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Looking ahead

Google Shopping stands to benefit from external factors that will draw more shoppers to its platforms. Supply chain challenges have led consumers to cast a wider net to find products. Likewise, inflation concerns are fueling a spike in comparison shopping, a need that Google meets by flagging deals and low prices on its Shopping search results.

Google Shopping ultimately serves to propel the advertising flywheel. Google has tried for years—unsuccessfully—to compete with Amazon in retail. Now, Amazon's emergence as a force in the very profitable digital ad space has prompted Google to double down on its core strengths, like search and video, and leverage commerce as a booster.

Amazon's emphasis on its growing media network gives Google Shopping an opening to address unmet consumer and merchant demands. Amazon shoppers now have a harder time finding the products they're looking for in a sea of sponsored results, and sellers are also becoming aggrieved by the rising costs of advertising on the marketplace.

Unlike Amazon, Google Shopping is poised to gain more from consumers' return to brick-and-mortar stores. Google's recent efforts are moving away from an ecommerce-first focus and toward a true omnichannel approach by giving shoppers visibility into more offline purchase and fulfillment options.

Can Google turn into a platform for retail discovery? It's a big question. Once again, Google's advertising advantages could yield stronger results against the competition, as the company looks to make its ad offerings more content-rich via new features that incorporate video, 3D imagery, and AR.

Google Shopping's success will depend on how well it can balance its advertising push with the relevance of its search results. Effective implementation will result in greater consumer trust and more merchants joining the platform. Amazon's nearly 40% market share of US ecommerce sales is unlikely to move much over the coming years, per our forecast. With that, Google is poised to serve as a valued intermediary in the retail space—both online and offline.

Note: Our analysts assessed 23 of Alphabet's business divisions based on five factors: maturity/iteration; disruption; integration; leverage; and prediction for a 5-year outlook. The scale used for the 5-year outlook power rating is: 1=Out of business; 3=Leader; 6=Massive growth. The 5 year outlook takes into account all aspects of the business analyzed, as well as our analysts' knowledge of the competitive landscape for each division.

[Read the full report.](#)

Report by Peter Adrian, Sky Canaves, Dave Frankland, Nina Goetzen, Rajiv Leventhal, Jessica Lis, Evelyn Mitchell, Lisa Phillips, Jaime Toplin, Paul Verna, Max Willens, and Yoram Wurmser Jul 21, 2022

The Power of Google

