Google buys Pointy to bring SMB store inventory online

Google is acquiring Irish startup Pointy, the companies announced Tuesday. Pointy has solved a problem that vexed startups for more than a decade: how to bring small, independent retailer inventory online.

The terms of the deal were not disclosed, but Pointy had raised less than $20 million so it probably wasn't an expensive buy for Google. But it could have a significant impact for the future of product search.

Complements local inventory feeds. This acquisition will help Google offer more local inventory data in Google My Business (GMB) listings, knowledge panels and ads especially. It complements Google Shopping Campaigns' local inventory ads, which are largely utilized by enterprise merchants and first launched in 2013.

Numerous companies over the last decade tried to solve the challenge of how to bring small business product inventory online. However, most failed because the majority of SMB retailers lack sophisticated inventory management systems that can generate product feeds and integrate with APIs.

Pointy POS hardware

Source: Pointy

How Pointy works. The company created a simple way to get local store inventory online and then showcase that inventory in organic search results or paid search ads. It utilizes a low-cost hardware device that attaches to a point-of-sale barcode scanner (see image above). It's compatible with

multiple other POS systems, including Square.

Once the device is installed, it captures every product sold by the merchant and then creates a digital record of products, which can be pushed out in paid or organic results. (The company also helps small retailers set up local inventory ads using the data.) Pointy also creates local inventory pages for each store and product, which are optimized and can rank for product searches.

Pointy doesn't actually understand real-time inventory. Cleverly, however, it uses machine learning algorithms to estimate this by measuring product purchase frequency. The system assumes local retailers are going to stock frequently purchased items. That's an oversimplification, but is essentially how it works.

Pointy said it a blog post that it "serve[s] local retailers in almost every city and every town in the U.S. and throughout Ireland."

Why we care. The Pointy acquisition will likely help Google in at least three ways:

- Provide more structured, local inventory data for consumers to find in Search.
- Generate more advertising revenue over time from independent retailers.
- Help Google more effectively compete with Amazon in product search.

Notwithstanding the fact that e-commerce outperformed traditional retail over the holidays, most people spend the bulk of their shopping budgets offline and prefer to shop locally. Indeed, Generation Z prefers to shop in stores, according to an A.T. Kearney survey.

One of the reasons that people shop at Amazon is because they can find products they're looking for. They often don't know

where to find a particular product locally. But if more inventory data becomes available, the more people may opt to buy from local stores instead.

About The Author

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