

Emerging Channels: Voice Commerce

Smart speakers are the fastest-growing consumer technology since the smartphone and are poised to revolutionize retailing.

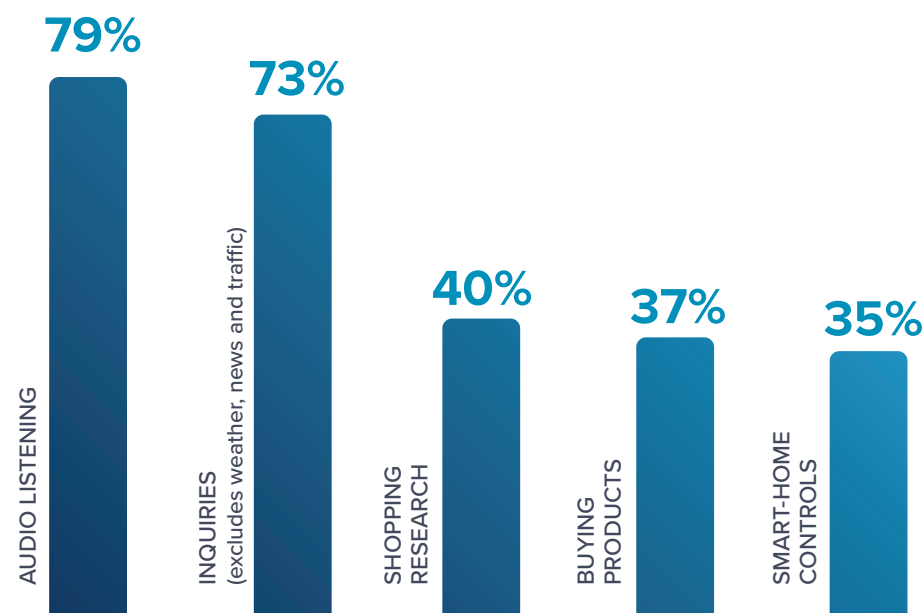


Thirty-one million people in the U.S. will browse and research products, add items to carts and make a purchase via a smart speaker in 2019, up 31.6% from the year before, according to eMarketer. By 2021, this figure is expected to climb to 38 million as more than four in 10 U.S. smart speaker users tap the devices for shopping.

Though still in its infancy, voice-enabled commerce is already influencing the way consumers behave, brands advertise and retailers connect with shoppers. Shopping research is the third-most-popular use for smart speakers, eMarketer reports.

On mobile, voice technology is used primarily as an informational tool. According to a Voicebot.ai study, most users ask general questions (83.6%). Asking about traffic or directions (47.4%) and finding a place to eat (28.8%) were the next most common monthly uses.

ACTIVITY PREFERENCES AMONG U.S. SMART SPEAKER USERS



Source: eMarketer

VOICE COMMERCE GAINS TRACTION



42%

U.S. adults who use digital voice assistants on their smartphone



\$2B

Annual sales via voice technology in the U.S. and U.K.



31M

Forecasted 2019 U.S. voice shoppers via smart speaker



28.2%

Smart speaker users who made at least one voice purchase in 2018



33%

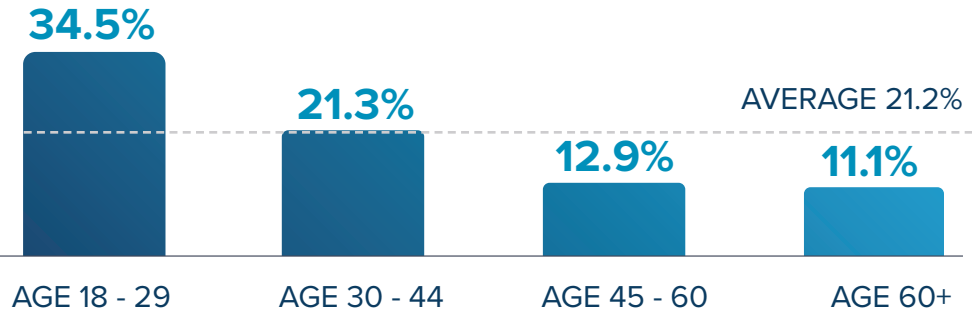
Smart speaker users who used voice commerce and would again within the year

Sources: eMarketer, Harvard Business Review, Feedvisor, Pew Research, Voicebot.ai

PROFILE OF A VOICE SHOPPER

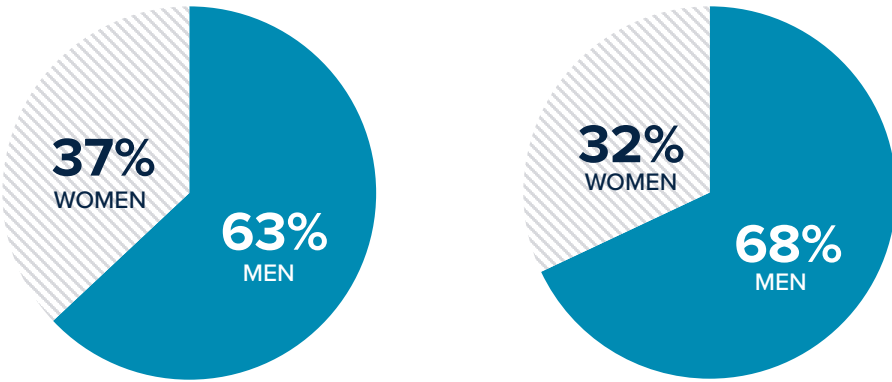
More than one-fifth of the adults surveyed by Voicebot.ai and Voysis have used voice-enabled technology to make a purchase. Men, especially those ages 18 to 29, are more likely than women to use voice commerce.

VOICE SHOPPERS BY AGE



Source: Voicebot.ai, Voysis

VOICE SHOPPERS BY GENDER



SMARTPHONES, PCS AND TABLETS

SMART SPEAKERS

Source: Voicebot.ai, Voysis

VOICE SHOPPERS

58% Asked to purchase by brand

42% Asked to purchase by item type

SMART SPEAKER SHOPPERS

ACTIVITIES

15% Browsed products

15% Asked for product recommendations

14% Reordered products

13% Added products to cart; finished purchase on other device

6% Added products to cart; finished purchase on smart speaker

Source: eMarketer

WHAT VOICE SHOPPERS ARE BUYING

% WHO SAY THEY HAVE PURCHASED USING VOICE COMMERCE



Includes product search and comparisons, price and availability, adding to a cart for checkout or completing a transaction.

Source: Voicebot.ai, Voysis

ONLINE PAYMENTS



2/3

Consumers who would feel more secure if more verification methods, such as voice confirmation and fingerprint, were required



81%

Consumers who feel most comfortable when a password is used in the process

Source: Mobile Marketer





SIRI SAYS

Though Apple's Siri was the first voice-enabled assistant, voice recognition technology was around long before Siri debuted in 2011. At the Seattle World's Fair in 1962, IBM presented a tool called Shoebox. It could perform mathematical functions and recognize 16 spoken words. As organizations invented ways to recognize word sequences, companies began to build applications for complex voice technology.



Today's voice assistants don't "understand" what you're saying. The technology relies on an algorithm that listens for keywords to communicate with a server to complete a task. Essentially, it's an input-analyze-output code system. But as artificial intelligence develops into systems like IBM's AI supercomputer Watson, we may soon have full conversations with Alexa, Google Assistant or Siri.

Source: SmartSheet

NIKE'S SNEAKER DROP SCORES WITH GOOGLE ASSISTANT

WHAT HAPPENED

Earlier this year, Nike supplemented their voice campaign with traditional television and product sponsorship tactics.

HOW

Prior to the February 17, 2019 launch date of the Nike Adapt BB, a basketball shoe with power-lacing technology, Nike collaborated with Google Assistant, R/GA and RAIN to create an exclusive sneaker drop campaign, including voice-activated sales during a televised NBA game.

To generate hype, Nike leveraged Google Assistant to allow consumers to "Ask Google" for details about the shoe. Responses were video recorded by basketball stars.

During half time of the February 7 broadcast of the L.A. Lakers vs. Boston Celtics game on TNT, viewers were prompted to "Ask Nike" via Google Assistant for the opportunity to buy the Nike Adapt BB ahead of its release date and a chance at a free pair of sneakers.

THE RESULT

More than 15,000 viewers asked Nike for the shoes during the basketball game, out-stripping the number of shoes available. The pre-release inventory sold out in six minutes.

Sources: Forbes, RAIN, Voicebot.ai

THE TAKEAWAY

The emerging v-commerce space requires unique, multi-channel approaches to entice consumers to use voice devices to shop.

ALEXA'S DELETE FEATURE ADDRESSES PRIVACY CONCERNS

WHAT HAPPENED

Starting in 2018, Amazon has received escalating criticism about privacy incidents, including accusations of collecting voice recordings and data on children via its Echo Dot Kids.

THE RESPONSE

As of June 2019, users have been able to remove the day's recordings by saying, "Alexa, delete everything I said today." Amazon reported it would also soon give customers the ability to erase their last request to the device by saying, "Alexa, delete what I just said."

THE RESULT

Though it's too early to accurately measure use of the delete feature, tech experts were quick to point out the limitations of the delete feature (only the last 24 hours) and the need to opt-in — a five-step process — to enable it. Expect ongoing improvements to further protect shopper privacy.

Sources: Business Insider, Forbes, Washington Post

THE TAKEAWAY

Privacy is a concern for shoppers using voice-enabled technology. To take voice commerce mainstream, Apple, Amazon and Google must use verifications or passwords at the checkout to establish trust and a sense of comfort.

ALEXA, DELETE
EVERYTHING
I SAID TODAY





WHAT WOULD MAKE VOICE ASSISTANT USERS MORE OPEN TO HEARING ADS?

88%	Can say “skip it” if they don’t like the ad
82%	Asked if they want to hear the ad before it plays
81%	Ads don’t interrupt preidentified events (such as listening to music)
80%	Able to choose the ad they listen to
79%	Ad are played at preapproved times
73%	Ads are personalized by questions spoken to the voice assistant
71%	Ads are seamlessly embedded into answers to questions
70%	Can interact with ad by speaking to it
70%	Ads are connected to “liked” brands on social media

ADVERTISING AND SEO

Voice commerce advertising and search engine capabilities are, so far, limited.

The primary focus of Amazon, Google and Apple has been customer experience — encouraging consumers to engage with the device and convert shoppers to voice technology before inserting advertisements that could cause skepticism and disenchant users.

Amazon Advertising is at the forefront of developing ways for brands to advertise on voice devices, noted Jacki Davidson, director of advertising for Sage Tree, an Advantage Digital Technology company. “One new opportunity in voice advertisements on Echo devices is through Amazon Music, the first official voice advertising option we’ve heard of to date.

“But there is hesitancy over how the end user will perceive voice ads. The last thing Amazon wants to do is disrupt customers and reduce the importance of one of their top-selling items.”

Still, Amazon and Google are testing promotions targeted to users based on purchase history or recommendations. For example, in a recipe for lasagna, Google could include a particular brand of pasta in the recipe it offers the user.

These test promotions have been limited to large brands such as Nike and Procter & Gamble, which consumers know well and trust, to maintain a positive user experience.

The lack of brand loyalty commonly seen on Amazon and other digital platforms is not as prevalent on v-commerce. With no visual content, consumers are inclined to trust ads from companies they already have an opinion on versus unknown manufacturers.

Source: eMarketer, February 2019

THE POTENTIAL OF V-COMMERCE

The number of people who browse, research and purchase products via smart speaker is expected to grow by nearly one-third this year, but the jury's still out on how fast — and how far — voice commerce will make its way into consumers' everyday shopping behavior.

To dive a bit deeper into v-commerce's impact and potential, we spoke to Lori Stillman, executive vice president, analytics, insights and intelligence for Advantage Solutions, about the technology's potential.



Between Amazon, Apple, Google and Microsoft, which has the leading virtual assistant?

Amazon continues to lead the voice-based device market, largely the result of its early entry to the market and ability to connect users to their vast network of offerings. Google's Home device and Microsoft's Cortana follow, with Microsoft signaling a pivot in strategy as they work to create partnerships with Amazon and integrate Cortana across other devices and platforms.

Google's focus appears to be on ensuring accuracy — especially in the areas of search and conversational artificial intelligence.

Amazon Choice — a label the e-commerce giant is giving to select products — confirms to shoppers the product is “highly rated, well priced and available to ship immediately.” Brands who secure this distinction will have an advantage in voice commerce. OC&C Strategy Consultants suggest as much as a three-times sales boost over items without the Choice status.

Apple's Siri is surprisingly not as dominant as the device maker's share of smartphone technology would suggest it should be.

Apple is rumored to be coming out soon with another version of its standalone HomePod device, perhaps a less expensive, mini version with additional features. It will be very interesting to see how they position and differentiate the HomePod.

How will voice commerce change e-commerce?

Voice-enabled commerce is not a standalone commerce solution. It's an important part of the digital ecosystem that enables consumers and shoppers to rapidly expand their knowledge, access and overall connectivity into the digital landscape.

Advances in embedding AI into the process will accelerate adoption and greatly enhance the role of voice-based solutions. Consider, for example, the patent filed by Amazon to enable their devices to sense changes in a person's voice to infer an underlying need state and make recommendations preemptively. When the network of devices can detect anomalies in voice, sentiment or environment and make intelligent recommendations that lead to transactions, the adoption of voice-enabled devices will explode.

Will privacy always be a hurdle for voice commerce?

Privacy will continue to be cited as an obstacle to the advanced technology solutions that are the gateway to convenience, but it is a fleeting argument. Consumers — especially Zoomers and Millennials — are clearly adopting technology despite the potential privacy risks that exist.

It is the responsibility of providers, partners and the brands who seek to reach consumers through voice-based technology to protect and safeguard the data they collect and store. Consumers have repeatedly shown when the benefits outweigh the risks, and the provider has consistently demonstrated an unwavering commitment to protecting their data, they will favor the technology. We've seen this take place in the adoption of loyalty card data, wearable health monitors and facial data collection in social media and smartphones.

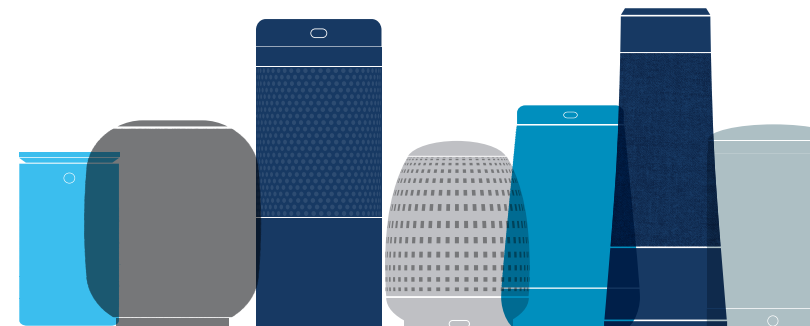
One interesting development that is worth monitoring is the work Microsoft is leading to improve adoption in public spaces, where privacy concerns are greatest. Their recent patent for "Silent Voice Input" enables users to whisper voice commands, overcoming the predominate use of voice-based technology in homes and cars. Keep an eye on how Microsoft leads in leveraging voice biometrics to further safeguard consumers against privacy threats.



Do you agree with analysts who believe voice commerce will gather the most momentum through replenishment orders?

While replenishment orders via voice remain a relatively low hurdle in efforts to secure consumer confidence in voice-enabled commerce, the opportunities to position the technology as an enabler to purchase are where I believe brands and retailers need to focus their development dollars. Giving context to moments and events that link products to shoppers is where the true opportunity lies.

Imagine what happens when a consumer asks their device "Where's the closest pizza parlor?" and is told "Target has Newman's Own Thin & Crispy pizza on sale for \$5 and can deliver via Shipt in one hour. If you order two, you can add a 2-liter bottle of Coca-Cola products for 1 cent." Most consumers will be seeking solutions to problems, and the brands that position themselves as a solution will get the most transactions.





THE FUTURE OF VOICE COMMERCE

The influence of voice-enabled technology will continue to grow and become an integral part of the digital path to purchase, fueled by its ability to enable the user to live a seamlessly integrated digital life.

But a few key factors will determine the future of v-commerce:

EDUCATION AND ADOPTION

Amazon and Google are steering consumers to shop via voice with Amazon-recommended products and voice-activated coupons. These simple, easy-to-use features help consumers become more comfortable with shopping via voice and educated on how to use voice devices.

BUYING CONFIDENCE

A primary concern of potential voice shoppers is purchase accuracy. Using v-commerce to replenish already-purchased products with a simple command to reorder can increase buyer confidence in other types of voice purchases.

CHANGING INTEREST TO ACTION

As voice technology becomes more user friendly, creating value propositions that engage consumers will motivate them to shop. Rising adoption and high satisfaction levels among voice control users suggest the movement from consumer interest to shopper action is already starting to occur.

“Voice commerce is an e-channel still in its infancy,” said Robb Powell, president of Advantage Digital Technology. “However, with the number of voice assistant users increasing rapidly and smart speakers becoming a regular household item, growth in voice commerce will escalate over the next few years.

“The future of v-commerce is still an unknown, but we are working to help our clients stay ahead of the future.”

4 STRATEGIES FOR LEVERAGING THE POTENTIAL OF V-COMMERCE



GET INTO THE VOICE CART

Shopping research is the third-most used smart speaker activity. Brands need to stay ahead of the curve and get on the top of the voice list today. With limited voice search results available, being the chosen item within a category will be essential for placement in a voice cart and voice ordering.

CONVERT BUYER INTEREST INTO A PURCHASE

Brands should leverage search engine optimization insights, product recommendations and research, and previously purchased orders in their voice marketing campaigns. Further strategic execution should align with applicable, active voice shoppers in a product category for a higher conversion to purchase.

MAKE VOICE TECHNOLOGY A PRIORITY

Successful voice shopping sales and marketing programs will require strategic, multichannel activations to incentivize purchase and maximize awareness of the campaign. Big brands like Nike and Disney have successfully delivered voice technology promotions as part of a robust, holistic campaign to drive consumers to voice for conversion. Early-adapting manufacturers must continue to encourage consumers to engage through the technology.



IDENTIFY AUTO-REPLENISHMENT OPPORTUNITIES

Consumers are more confident using voice for replenishment orders because they can use a simple command to reorder that product. Extracting repurchase data from digital platforms and comparing it to top-selling categories in voice shopping can potentially create new opportunities for sales and ROI in the voice space.



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