



May 2018

CONVERSATIONAL COMMERCE:

The Rise of Voice Assistants

Amid rising ownership of voice assistants and smart speakers like Amazon's Echo and Google's Home, voice search is becoming standard operating procedure for many consumers. eMarketer has curated this Roundup of articles, insights and interviews to help you understand the conversational commerce ecosystem, encompassing personal assistants and chatbots.

presented by

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CONVERSATIONAL COMMERCE ROUNDUP

OVERVIEW

Shopping through a voice-enabled device like Amazon Echo or Google Home is becoming the norm these days. And consumers aren't just using the devices to research products or order some groceries. They're relying on them throughout the shopping journey—from start to finish.

According to an April 2018 survey from customer experience platform Narvar, "both device ownership and voice shopping activity have nearly doubled" in the past six months. Indeed, the company saw a 42% increase in device ownership among US online shoppers, as well as a 41% increase in consumers using the device to shop.

Of the many ways voice-enabled users shop, researching products is the top use case, cited by 51% of respondents. That isn't too surprising—consumers love to do their research before committing to a purchase. But 20% of shoppers said they use a smart speaker to provide ratings or reviews, which is likely easier to do than typing it on their computer or phone.

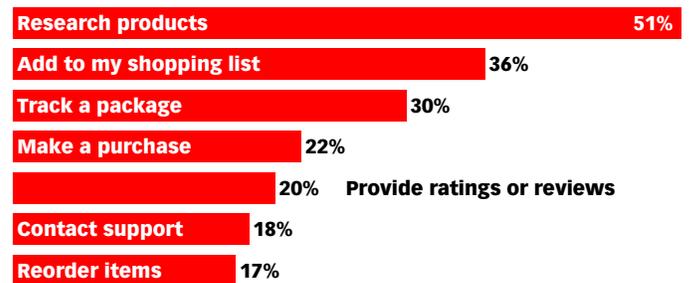
And 30% of those polled said they use a voice-enabled device to track a package, while 17% use the technology to reorder items.

Narvar's figures are in line with other surveys, like a February 2018 one from Delineate, which found that over a third of US voice-enabled speaker owners have purchased grocery or toiletry items at least once. Similarly, a November 2017 survey from Capgemini revealed that more than one-third of virtual assistant users in Western Europe and the US bought a consumer product or retail item using a smart speaker. Yet, a recent PwC study says otherwise—that traditional purchase methods are still largely preferred. This Roundup will dive further into these studies and more.

Adoption is certainly going to expand. In fact, we forecast that the number of US smart speaker users will total 61.1 million this year. And of that group, 17.2 million will make at least one purchase with voice command during the calendar year. By 2020, that number will climb to 25.6 million.

Ways in Which US Virtual Assistant Users Shop with Their Assistants, Nov 2017

% of respondents



Note: ages 21-65

Source: Narvar, "Connecting with Shoppers in the Age of Choice," April 17, 2018

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eMarketer Forecast: Smart Speakers Surpass Wearables in Gadget Race

Amazon Echo losing share as speaker rivalry heats up

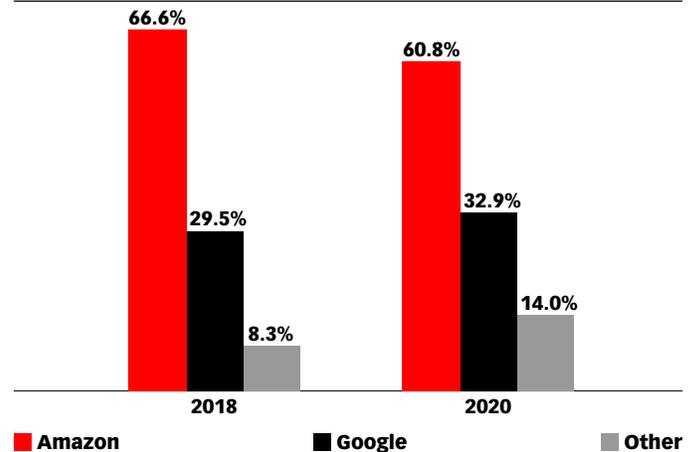
While Amazon Echo dominates the voice-enabled speaker market, its user share is slowly shrinking, as those of Google Home and smaller rivals begin to grow. Overall, smart speaker usage is accelerating as device capabilities expand, according to eMarketer's latest forecast on the topic.

This year, 40.7 million people of any age in the US will use an Amazon Echo at least once a month, equating to two-thirds of smart speaker users. However, that share is expected to fall to 60.8% by 2020. (By eMarketer's definition, a voice-enabled speaker user does not necessarily have to be an owner. Therefore, there is overlap in brand usage, as people often own and/or use multiple brands of speakers.)

Meanwhile, No. 2 player Google Home will have 18.0 million users this year. While it will remain a distant second in terms of users during the forecast period, its share is growing. In 2018, it will capture 29.5% of the smart speaker audience, and that figure will grow to nearly 33% by 2020.

"Google Home's competitively priced Mini drove growth for the brand in the 2017 holiday season," said eMarketer forecasting analyst Jaimie Chung. "With Amazon and Google vying for spots in both the smart-home and ecommerce spaces, Google's pricing has revitalized the artificial intelligence race to dominate the home."

US Smart Speaker Users, by Brand, 2018 & 2020
% of smart speaker users



Note: individuals of any age who use a smart speaker at least once per month; smart speaker users are not mutually exclusive; there is overlap between groups

Source: eMarketer, April 2018

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Listen in!

Check out an episode of the "Behind the Numbers" podcast, in which eMarketer analyst Jaimie Chung breaks down the data for personal assistants like Alexa, Siri and others. What are people using the services for? What are the implications for marketers?

Voice Commerce Is Becoming the Norm

Alexa, add some paper towels to my order

In another sign that consumers are comfortable shopping via smart speakers like Amazon Echo or Google Home, data from research firm Delineate finds that many are turning to such devices to order groceries or toiletries.

Indeed, more than a third (35%) of US voice-enabled speaker owners surveyed in February 2018 said they have done so—presumably at least once—while another 22% said they've done so frequently.

How they add items to their shopping cart varies, however. Some place more frequent orders with smaller carts, likely doing so as products run out, while others add items to their cart over time and place the order at a later date.

Interestingly, respondents who frequently use their smart speakers to shop are more likely to add items to their cart over time and place an order later than doing so right away. Perhaps because they're working toward a free shipping goal before completing a purchase.

Delineate's findings mirror another survey conducted recently by OC&C Strategy Consultants, which found that 12% of US voice-enabled speaker owners have asked their device to add an item to a basket, likely with the intent of finalizing the purchase online or in-app later on.

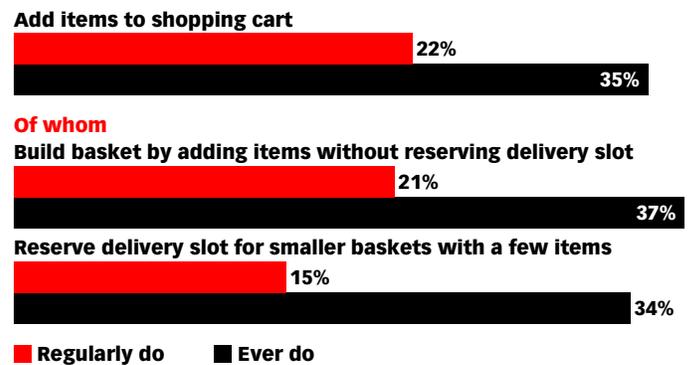
OC&C Strategy Consultants' survey also found that respondents rely on their smart speakers for task-orientated activities such as setting reminders and creating shopping lists. And the creation of a shopping list is a convenient segue to continue the path to purchase, with the smart speaker acting as a middleman.

While the study didn't break out the percentage of purchases made based on a smart speaker-organized shopping list, some 62% of respondents have bought items via voice commerce.

And this trend of voice commerce is growing rapidly.

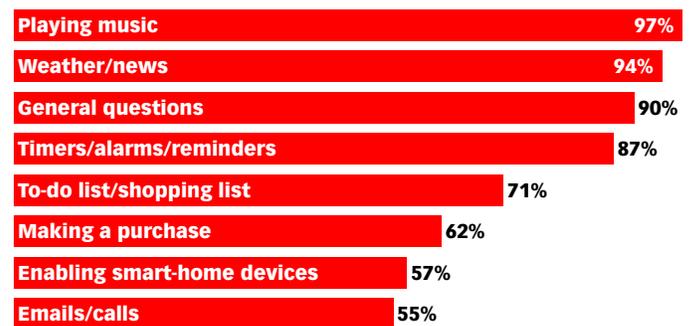
A November 2017 survey from Capgemini showed that over a third of virtual assistant users in Western Europe and the US bought a consumer product or retail item using a voice assistant. And they don't just shop for physical items. The study found that a significant number of respondents purchased some type of service, like a meal, via the platform.

Ways in Which US Voice-Enabled Speaker Owners Add Grocery/Toiletry Items to Their Shopping Cart via Voice-Enabled Speakers, by Frequency, Feb 2018 % of respondents



Note: n=220
Source: Delineate, "Smart Speakers Research - Q1 2018," March 8, 2018
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Ways in Which US Voice-Enabled Speaker Owners Use Their Voice-Enabled Speaker, Dec 2017 % of respondents



Note: n=492 ages 18+
Source: OC&C Strategy Consultants, "Talking Shop: The Rise of Voice Commerce," Feb 28, 2018
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PwC Study: Traditional Methods Still Trump Voice-Enabled Devices for Shopping

76% of voice assistant users like to shop online the “old fashioned” way

More people are leaning on voice-enabled devices for routine tasks, like research. But when it comes to voice commerce, most still prefer to shop the traditional way.

In fact, a February 2018 survey by PwC reveals that consumers are more comfortable visiting a physical store or shopping online than they are using their voice assistant to shop. For example, US voice assistant users are roughly three times more likely to shop online the traditional way (76%) than they are to use a smart speaker to shop (24%). They also preferred “old fashioned” actions like visiting a physical store, shopping through a mobile app and calling customer service to chat with a human.

Interestingly, respondents preferred to use voice assistants for other tasks—like searching for something or texting a friend.

But PwC’s study is just one of many on the topic of conversational commerce. There are some that mirror PwC’s findings, while others report something different. For example, data from Kantar found that while many retailers are looking at the various opportunities voice commerce presents, a minority of US consumers own a voice-enabled device—and for those that do, shopping activities are not terribly popular.

Meanwhile, separate research by Delineate revealed that more than a third of US voice-enabled speaker owners have bought groceries or toiletries, at least once, via a smart speaker. And another 22% said they’ve done so frequently.

Essentially, voice commerce is growing, but it’s not quite mainstream yet.

Preference for Voice Commands vs. Traditional Methods for Select Activities According to US Voice Assistant Users, Feb 2018

% of respondents

Voice commands		Traditional methods	
Use your voice assistant to search for something	71%	Physically type to search for something digitally	29%
Use your voice assistant to text a friend	58%	Physically text a friend	42%
Use your voice assistant to shop	36%	Visit a physical store	64%
Use your voice assistant to shop	35%	Shop through a mobile app	65%
Use your voice assistant to talk to a customer service chatbot	34%	Call customer service (but speak to a real human)	66%
Use your voice assistant to shop	24%	Shop online	76%

Source: PwC, “Consumer Intelligence Series: Prepare for the voice revolution,” April 2018

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Voice Payments Aren't Mainstream (Yet)

Smart speaker users are interested in paying bills and paying back friends, though

While most consumers currently use smart speakers for mundane tasks like turning on lights, conversational commerce has captured the attention of marketers for its potential.

Speculative retailers have set their sights on voice shopping, but paying by voice could have broader implications. An Ovum and ACI Worldwide survey of billing organizations across the globe, conducted in January 2018, delved into the future of payments.

Mobile optimization was the biggest current priority among the organizations surveyed. Nearly half (49%) had mobile "e-billing" in development, and 20% wanted to offer it in the future. As far as specific mobile enhancements, the most popular was payments from a mobile-optimized website, with 46% offering that capability and 18% planning to.

One of the lower priority initiatives was enabling payments from connected devices like smart-home assistants, yet it was still cited by 28% of executives. Meanwhile, nearly one in five wanted to offer such payments in the future.

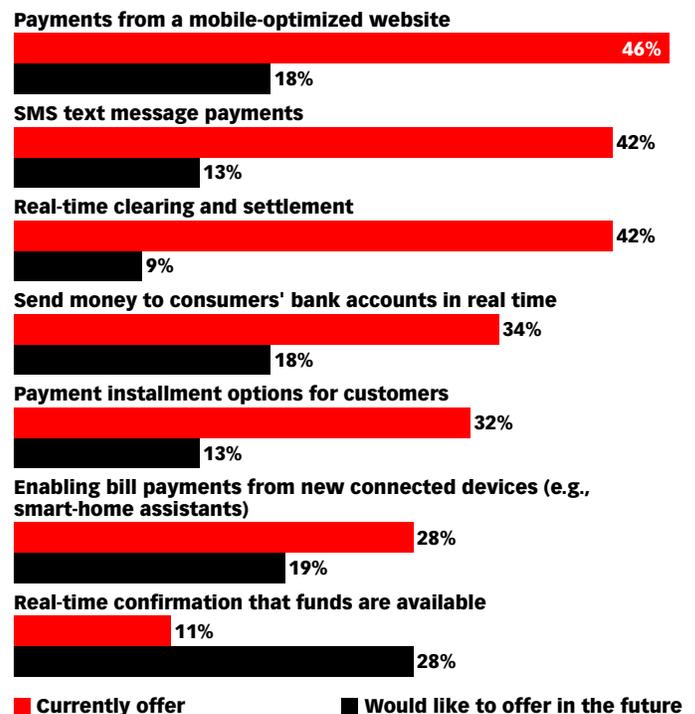
The ACI Worldwide and Ovum study specifically looked at consumer payment options provided by businesses, but voice payments also have the potential to include peer-to-peer (P2P) transactions. Recently, the Wall Street Journal reported that in addition to Amazon working on gas station payments via in-car Alexa devices, the retailer also has a feature in development where consumers can tell Alexa to pay a friend or family member. The latter would compete with services like PayPal's Venmo or even Zelle, which is offered by banks but is less buzzy.

In a November 2017 Capgemini survey of people in Western Europe and the US who already use virtual assistants, 28% said they had used a smart speaker or smartphone virtual assistant to make a payment or send money.

This was the least common activity, far less popular than asking for information like weather or news (82%) and playing music or videos (67%), though a figure over one-quarter isn't insubstantial. It's a good bet that consumers who already own smart speakers and use virtual assistants are more open to new ways to use them.

When the same study asked respondents which products or services they'd be interested in purchasing via voice, interest was high for all—no category had a response lower than 41%. Sending money to people or paying bills online was appealing to 44% of those polled.

Services Offered by Billing Organizations Worldwide as Add-Ons to the Billing Experience, Jan 2018 % of respondents



Source: ACI Worldwide and Ovum, "2018 Global Payments Insight Survey: Bill Pay Services," April 9, 2018

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Don't Count Out Chatbots!

Over a third of internet users say they prefer a chatbot over a human to track delivery

What will the retail space look like in 2020? Certainly, more technology-focused—at least according to data from Econsultancy and Conversion.

The survey, conducted this past fall, polled 408 ecommerce professionals worldwide, representing agencies and client-side/brand marketers who work for companies with a transactional website or app.

A large share of client-side respondents (56%) rated the impact of running digital technology experiments as “high” or “very high,” while 53% of agency respondents said it was “average.”

The study also found brand marketers and agencies had different priorities when it came to the technologies they plan to test by 2020. For brand marketers, conversational commerce—encompassing chatbots and personal assistants—and artificial intelligence (AI) for personalization were the top choices. Meanwhile, agencies were more likely to examine social commerce.

Investment in chatbots makes sense because consumers are becoming more accustomed to using them—especially for customer service. An October 2017 survey of US internet users by PointSource found that more respondents would prefer a chatbot than a human when looking for pricing or discounts while online shopping (36% vs. 34%), searching for delivery information (36% vs. 34%), checking if products were in stock (38% vs. 33%) and tracking delivery, which recorded the highest preference for chatbots over humans (40% vs. 29%).

The low marks given to voice technology like Google Home in the Conversion/Econsultancy survey are slightly puzzling, as it would seem to go hand in hand with conversational commerce. A November 2017 survey of US adult consumers by Aspect Software found 49% of respondents used chatbots or virtual assistants for customer service at least weekly, a figure that rose to 66% for millennials. At the same time, over a third of total respondents liked the idea of using a home-based assistant like Amazon Echo for customer service (38%) and making a purchase or ordering a service (36%).

Digital Technologies that Agency* vs. Client-Side** Ecommerce Professionals Worldwide Plan to Experiment with by 2020

% of respondents

	Agency*	Client-side**
Conversational commerce (e.g., chatbots, personal assistants)	40%	59%
Artificial intelligence for personalization	39%	55%
Digital wallets/mobile payments	40%	44%
Social commerce	48%	40%
Voice technology	18%	18%
Beacon technology	15%	15%
Different interfaces (e.g., smart watches, internet of things)	14%	13%
None of these	18%	16%

Note: *includes ecommerce service providers (i.e., agencies, platform implementers, software vendors); **includes client-side/brand marketers at ecommerce companies

Source: Econsultancy and Conversion, "Ecommerce Performance Report 2018," Jan 18, 2018

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We're exploring a new look for our Roundup product, and we'd like to hear from you. [Please take our poll](#) and let us know how we're doing.

How to Get Started with Voice Search

This post was contributed and sponsored by [Yext](#).

Whether you call it “voice” or “speech,” we live at the beginning of a fundamental change in how people search and complete tasks. It is estimated that [50% of all searches](#) will be completed via either [speech or image search by 2020](#). Even today, voice search [has become increasingly influential](#) in both consumer behavior and search engine prioritization.

Is your business voice-ready?

Voice assistants are becoming our digital butlers, taking care of the simple things, freeing our focus and time for other tasks. Amazon alone has sold [tens of millions](#) of voice search devices.

Voice assistants are here to stay, and will continue to impact businesses and consumer behavior.

In everyday life, you may ask Alexa for a weather update. The answer is simple, accurate, and fast. She states the facts, gives you the upcoming forecast, and you don't think about it again.

If we rewind the clock five years, getting that weather information was a different process. It meant grabbing your phone, unlocking it, opening an app directly, or searching for the weather update using a search engine. And in the end, you had to read the information. Not exactly difficult, but it required more from you than asking your question out loud. Asking a question out loud helps with several things:

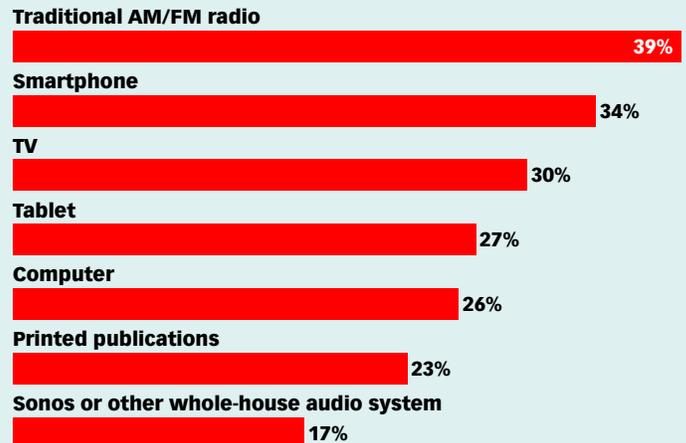
- Efficiency and speed of access
- People's need for control
- Accuracy (think of the tiny keyboards we have)
- Multi-tasking

Voice Search is Changing Behavior

According to eMarketer, we're using radios, phones, and computers less. We're watching TV less and reading less. Our voice assistants are filling in the nooks and crannies of our lives.

US Voice-Enabled Speaker Owners Who Reduced Usage of Select Media/Devices due to Voice-Enabled Speaker Usage, Dec 2017

% of respondents



Note: n=806 who own an Amazon or Google voice-enabled speaker
Source: National Public Radio (NPR) and Edison Research, "The Smart Audio Report, Fall/Winter 2017," Jan 10, 2018

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What kind of impact will voice search have on businesses?

We're at the start of a new generation of consumer adoption around a technology. We can all remember a time when people said that the internet wouldn't be a big deal, or that mobile devices wouldn't change consumer behavior. Each time, those who saw the technology, learned about it, and prepared for it came out a step ahead. Those who felt there was no reason to invest "right now" were left scrambling to catch up.

Voice represents another fundamental technology shift, and consumers are buying these products at a rapid pace. So if you're thinking there will be time later to get in the game, or that this will die down and won't be a big deal—think again.

Some of the largest tech companies in the world, such as Amazon, are carving up the market to each own a share, and they're doing it because they believe there is a future in the technology. They've done the research and have chosen to build entire business models, brands, and divisions around serving that new space.

Read our [Voice Search To-Do List](#) to ensure your business is voice-ready.

Simon Malls' Chatbot Strategy Delivers Deep Personalization at Scale



Patrick Flanagan

Vice President, Digital Marketing and Strategy

Simon Property Group



Christian Brucculeri

CEO

Snaps

When Simon Property Group wanted to roll out chatbots for its 208 malls in the US, it sought a partner that would deploy the bots at once and deliver deeply personalized interactions. Enter Snaps, a conversation marketing platform that delivered the level of scale, precision and personalization that Simon Property required. Patrick Flanagan, vice president of digital marketing and strategy at Simon Property Group, and Christian Brucculeri, CEO of Snaps, spoke with eMarketer about what it takes to build a bot for brick-and-mortar retail.

eMarketer: Is a chatbot platform a must-have in a retailer's marketing technology arsenal?

Patrick Flanagan: As the power and reach of messaging apps grows, the need to offer shoppers great brand experiences through these platforms is also growing. For most brands this means that great platforms are needed to build, manage and measure one's messaging efforts.

Think of email marketing. Very few brands send their own emails, but rather they utilize an email service provider like Salesforce Marketing Cloud, Responsys or MailChimp. Over-the-top messaging apps are on the same course.

eMarketer: How should retailers choose a bot platform for their needs?

Christian Brucculeri: They should opt for a bot platform that can centralize data and scale bot development. Deep personalization is also an important capability. Brands need bot platforms that can use everything that's already known about a customer, as well as everything that the customer shares during an interaction, and deliver the right message to the right user at the right time. Someone that shops at Burberry and lives in Westchester, New York, should get different content than someone who loves Nike and shops at the Simon location in California.

“[Retailers] should opt for a bot platform that can centralize data and scale bot development.”

eMarketer: What specifically drove Simon Property to develop chatbots for its malls?

Flanagan: We identified an opportunity to enhance our customer service by tapping into the Facebook Messenger platform and providing its user base with a fast and convenient way to access relevant, useful information about their favorite Simon center.

Brucculeri: There is a growing need in the retail industry to make information about stores and products available digitally. It behooves retailers to make content available where consumers already are. The easiest way to make that happen is by using Facebook Messenger.

eMarketer: What are some of the capabilities of Simon Property Group's bots?

Brucculeri: Each bot is a concierge in a Simon shopper's pocket. For example, there's on-demand information for times when a physical information booth isn't available at the mall, or it's hard to find. The bots can also be used to engage with consumers proactively. They allow for full engagement personalization, which means Simon Property Group can use store attributes, consumers' location and behavioral data on where consumers have shopped in the past to recommend new stores or promotions. It's a mix of customer care and proactive marketing.

eMarketer: Are the bots helping shoppers?

Flanagan: Yes, because the Simon Facebook Messenger bot provides an always-on, instantly available digital concierge experience. That means that wherever they are, shoppers can get their top questions answered through their mobile device.

“[The chatbots] allow for full engagement personalization. ... It’s a mix of customer care and proactive marketing.”

eMarketer: What were some of the challenges associated with building a bot for Simon?

Bruculeri: Today, 208 Simon malls each have an individual bot. They were deployed at scale through our platform, which was a challenge. We couldn’t create dummy bots for each new center, because then it would take a year to build each one. Instead, we sectionalized Simon’s database and deployed bots simultaneously across the 208 unique malls.

Another challenge was using location data. We wanted to be mindful about friction in the experience, so we enabled pin dropping in Facebook Messenger, which now allows consumers to establish their location in just one step.

eMarketer: As chatbot technology matures, how will it fit into the rest of the marketing tech stack?

Bruculeri: Chatbot platforms are the next evolution in digital CRM [customer relationship management] for brands. In the next 18 to 24 months, every brand is going to need to have some mobile messaging CRM tool and strategy in place to ensure that their bots are communicating with the rest of their marketing technology solutions and drawing from other customer touchpoints.

Western Union Blends Transactions and Support into One Facebook Messenger Experience



Michael Hafer

Senior Vice President, US Marketing Product and Field Execution

Western Union

As Facebook expands Messenger's capabilities, more doors open for brands that want to experiment with the platform. But for companies that have been using Messenger to provide customer support, taking advantage of new capabilities means choosing between building a separate bot to deliver those experiences and taking on the arduous task of integrating old and new features. Michael Hafer, senior vice president of US marketing product and field execution at Western Union, spoke with eMarketer about the route the company took.

eMarketer: What made you want to develop a bot for Facebook Messenger?

Michael Hafer: The idea of making it easy and convenient to find a Western Union solution right inside of Facebook Messenger appealed to us. Our goal is always to make sure that our cross-border platform is available to anyone that has an interest in using it, and offering it through Messenger was just another way to extend our services beyond our 500,000-plus agent locations around the world, our website and our mobile app.

eMarketer: What does the bot do?

Hafer: At F8 [Facebook's annual global developer conference] in April of last year we announced that our bot would now enable users to send money internationally to over 200 countries through Messenger. Plus, there's transaction support as well. If I want to track the status of the money I sent to someone in France, I just have to enter the transaction ID number and the bot will provide an update.

Beyond that, the bot can also help find Western Union locations. Users can move a pin all over the world, drop it anywhere and the bot will return the five closest locations

to that spot. It can provide directions and gives users the option to share that location with somebody else within Messenger.

eMarketer: Does the bot provide customer support as well?

Hafer: This is one of the older features, actually. When users click on the customer care option in the bot experience, the bot will say: "A customer care representative will be with you soon. In the meantime, please let me know what you're inquiring about." The customer care representative will see that message and respond to the consumer. Once users are done speaking to our service agent, they're placed back into the bot interaction.

eMarketer: Does the same bot that supports transactions deliver customer service as well?

Hafer: Yes. What differentiates our bot is that we built transactional features, like money transfer, onto our existing bot [which we used for customer support]. It was a challenge, but it's now all integrated into one account. There are many other companies that have built separate Messenger bots for transactions and customer care, but that creates a very disjointed customer experience.

eMarketer: How effective has Messenger been for your brand?

Hafer: We've been using Messenger for customer care for a few years now, and we've seen hundreds of thousands of customer interactions in the last year alone. Today, thanks to mobile technology, we all have access to instant information all the time, so consumers' desire to get questions answered urgently continues to grow. In the old days, they'd call a 1-800 number, but now everyone sends messages. That's why Messenger has been a great tool for customer care.

As for the other capabilities, it's only been a few months since we've launched them. We don't yet know how effectively we're driving awareness, transactions or revenue. Am I bullish about it? Absolutely. Am I optimistic? No question.

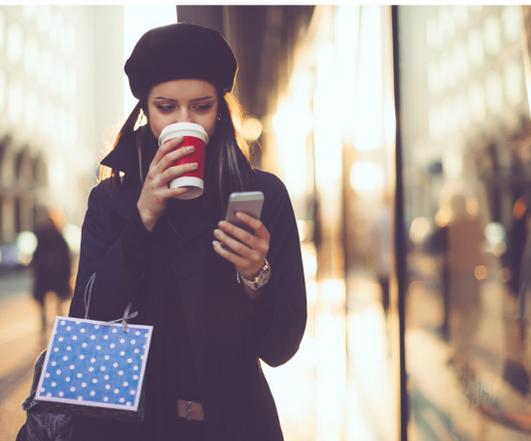
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The Yext Knowledge Engine puts you in control of the information that voice services like Amazon Alexa, Siri, Cortana, and Google Home share about your business. To see the platform in action, go to yext.com/demo.





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