

# "Alexa, add the new iPhone to my shopping basket"

How can retailers get themselves ready for the inevitability of voice commerce?

**Voice commerce is coming and with a projected market value of over £3bn in just four years, retailers need to sit up and pay attention. Becoming voice commerce ready does not mean retailers have to build their own voice-enabled platforms. Partnership with existing A.I. platform providers and the incorporation of a few simple voice commerce readiness initiatives into business planning, will ensure that retailers are optimising their digital offering for voice now and avoid playing catch up later on.**

## Introduction

In our recent blog 'Artificial Intelligence in Retail' we discussed A.I.'s role in the future retail landscape. Now we will dive deeper into the human interaction element of A.I. and how retailers can ready themselves for the mainstream adoption of voice as a major channel of commerce.

Over the past few years, consumers across the world have been finding their voice, sharing opinions on their latest purchase and having live conversations with retailers using website chat features.

Progress with A.I. native language recognition and digital voice assistants like Siri, Alexa, Google Now and Home, is steering consumers towards the expectation of conversation based commerce across all channels.

Voice commerce is a growing market and estimates suggest it could grow to more than £3bn over the next four years. A recent survey conducted by Radiocentre predicts the number of UK households owning a smart speaker will rapidly grow from 9% last year to 40% this year, which will surely help the market reach such an ambitious growth figure.

In addition, inhibitors of voice commerce are also subsiding as consumer confidence in the use of voice-enabled devices rises to 56%.

Voice technology is going to greatly enhance the customer experience simply because voice technology is adapting to humans rather than humans adapting to the technology – and we have been speaking to each other for over 50,000 years!

Retailers are already realising the benefits of voice commerce and new data from Euromonitor has found that shoppers are typically spending c.10% more than they did before owning a voice-enabled device. They also shop 6% more frequently.

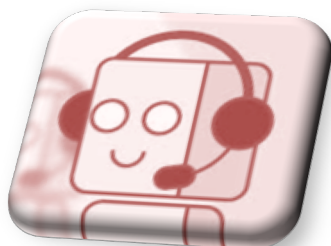
Voice technology is available now and is increasingly in the homes and lives of existing and potential customers. Therefore there is an incredible opportunity to be had for retailers who can get a head start in becoming voice-enabled.

So, who are making moves in voice commerce and what can retailers do to ready themselves for mainstream adoption?

## The rise of voice commerce

2016

Here come the chatbots...



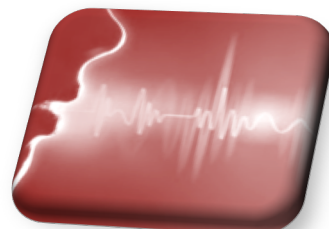
2017

A.I. is the new buzzword



2018

Mainstream adoption of voice commerce?



## Uses in industry

### DIAGEO

Amazon, Diageo and Isobar have created an Amazon skill: "Alexa, open 'The Bar'" which helps consumers create cocktails at home. The Bar personalises recommendations, based on the types of drinks people have ordered in the past and in return, Diageo collects a wealth of data whilst reinforcing their brand through positive experiences and interactions.



Dominos have launched their voice ordering capability with the Alexa skill: "Alexa, ask Domino's to feed me".



70% of current voice purchases are for a repeat order. Starbucks have capitalised on this, offering Alexa-enabled repeat order functionality via their app.



Ford uses an Alexa powered voice concierge service enabling drivers to purchase on-the-go. BMW and Volkswagen have also announced their integration of Alexa into their cars to enable voice shopping while driving.



Google made hundreds of thousands of Tesco products available to purchase through Google Home.



Similarly, Walmart and Google are using purchase history so that customers can replenish their pantries.



Ocado have taken Amazon's voice recognition technology in-house, enabling customers to ask Alexa to add items to their Ocado basket and ask for product recommendation in their Ocado app.

Voice commerce is not equally relevant everywhere. Where repeat purchases are common and customer reviews can be relied upon to make a decision, voice will play a fundamental role in the generation of sales. Where customers want to browse and try before they buy, voice is unlikely to be useful on its own.

Therefore when looking at future voice-enabled solutions we can split the retail industry into two:

#### Voice for transaction

Including grocery, foodservice and low-mid range general merchandise

Voice-enabled solutions will:

- Suggest products
- Process orders
- Automate the decision making process

#### Voice for decision-making

Including apparel and high-end general merchandise

Voice-enabled solutions will:

- Speed up the browse process
- Notify users of special offers
- Automate contact centre processes

## What do retailers need to do to prepare?

A key consideration for retailers is understanding what business objectives they want to achieve, then customise their voice proposition to match. This thinking will need to start with whether customers require 'voice for transaction' or 'voice for decision making'.

For voice technologies to be truly useful to retailers, they need to be embedded across all digital communication channels accessible to a customer. This will ensure that the customer experience is consistent.

We are not saying that retailers will have to build and launch their own voice-enabled platforms, because most voice recognition technologies are being developed with the capability to perform a variety of functions on both native and non native applications.

Many retailers will be able to partner with existing A.I. platform providers from the big players like Amazon, Google and Apple through to the smaller voice A.I. platforms like wit, snips, smartly and convessa.

There are a few things retailers can do to be ready for such partnerships.



### Optimise for natural language search queries

Research by ComScore found that 50% of all searches will be voice searches by 2020. Natural language search queries account for the difference between how people speak and how they type. For example, someone might type: "Best low price headphones", however they might say: "Who sells the best and cheapest headphones". A subtle difference, but it will result in a product showing up higher on google search listings.



### Improve site speed

Voice-enabled devices need to search the web for answers to questions asked by consumers. If retailers' websites load too slowly the device will not provide answers from that site. It is essential to test the performance of websites and individual pages both on desktop and mobile.



### Use schema markups

Another tool to help voice-enabled devices find content quicker is the use of schema markups. These are short rich content highlights that are easily digestible and allow the device to take in key information and decipher its relevance without needing to actually visit the site.



### Products only: Become a 'choice' product

Amazon or Google will recommend a product to a consumer that has no purchasing history. Therefore if retailers of consumer products can become a 'choice' product they will see their sales soar. There are six components that experts agree will help retailers gain this holy grail of product tag:

- Positive product ratings
- Reasonable pricing
- Favourable shipping speed
- Higher sales volumes
- Positive seller feedback
- Lower rate of return

## Conclusion

Although the big players are making large investments in voice technology, it is still in its infancy and there are some customer experience challenges to overcome before adoption becomes mainstream.

Yet more and more retailers are embedding digital innovation into their regular business planning cycle and should be looking to optimise their digital offering for voice now to avoid playing catch up later on.

Voice commerce makes the shopping experience more engaging and convenient whilst giving retailers the information to make more intelligent, real-time recommendations based on what the artificially intelligent voice-enabled devices learn from their interactions with the user.

So, what are you waiting for?

## About PatelMiller

PatelMiller is a specialist retail consultancy. We combine the tools, methods and analytics of a business consultancy, with the pragmatism of a retailer, to ensure that potential benefits are quickly realised. Our team gained their skills from working for leading consulting firms and the world's best retailers – and we are now blending these skills together in our own unique way.

### Our services include:

**Strategy & Analytics** - Creating a challenging vision for your business whilst using your data to ensure you are making the right decisions

**Lean Operations** - Improving how your business runs across organisation, processes and technology – including applying lean six sigma to drive improvements

**Programmes and Change** - Structuring change programmes in an insightful and practical way and managing them to give you confidence in delivery

Our people have worked with businesses including Dunelm, feelunique.com, John Lewis, M&S, Monsoon Accessorize, Morrisons, Nisa, White Stuff, BT and Thomas Cook.

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