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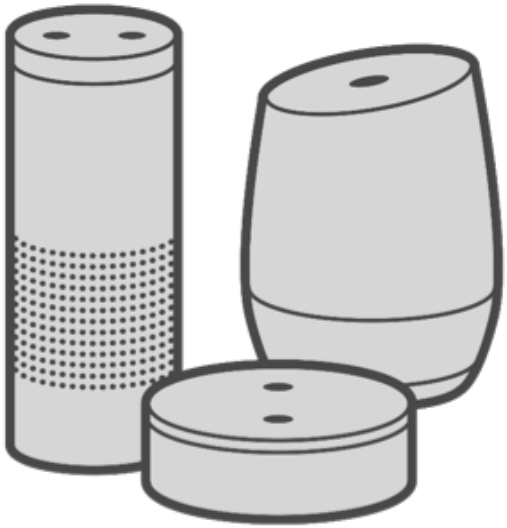

Great Voice Experiences Start with Listening:

Research-based insights for designing automotive voice interactions

A supplement to our report *Best Practices in Research and Design for Voice User Interfaces*

January 2018

Industry-specific findings

Brands must get their voice user experiences right the first time when building for smart speakers.

Over the last two years, we have seen the emergence of a major new technology category: the smart speaker. Amazon's Echo and Google Home, which debuted in 2015 and 2016, have created a new paradigm in the technology space, with other companies not far behind. While an estimated 35 million Americans currently use a smart speaker at least once a month, it is clear that we are only in the early days of this technology. Like digital and mobile before it, it is critical for long-term business success that companies of all shapes and sizes understand the power of voice-enabled devices.

Our previous report provided a look at the smart speaker landscape, including how and why brands should consider developing voice-activated applications. We'll now look more closely at the implications for key industries. What our research shows is that there is a tremendous amount of opportunity for brands to leverage smart speakers, particularly if they design applications that get it right from the get-go.

*Alexa, Say What?! Voice-Enabled Speaker Usage to Grow Nearly 130% This Year." EMarketer. May 08, 2017. Accessed October 02, 2017. https://www.emarketer.com/Article/Alexa-Say-What-Voice-Enabled-Speaker-Usage-Grow-Nearly-130-This-Year/1015812

**Gartner Says Worldwide Spending on VPA-Enabled Wireless Speakers Will Top $2 Billion by 2020." Gartner. Accessed October 02, 2017. http://www.gartner.com/newsroom/id/3464317

KEY FINDINGS: ACROSS INDUSTRIES

We surveyed 1,000 smart speaker owners and spent time in the homes of 10 owners to explore smart speaker use cases, opportunities for improvements, and design best practices. We'll dive into automotive specific findings in the next few pages, but first here are some relevant overarching findings that are applicable no matter your market segment.

- Smart speaker owners find their devices engaging- **73% of respondents said so.**
- However, our survey and interviews revealed there is a **significant gap between how they currently use their device and how they'd like to use their device.**
- **Across industries there is a big opportunity for using smart speakers for customer support.** 55% of respondents said they are very interested in using their smart speaker to contact customer support (email, phone, etc.).
- **Age has an impact.** The younger a person is, the more likely they are to be interested in the kinds of functionality brands can deliver.
    - Respondents over the age of 55 were significantly less interested than those between the ages of 35-54 in functionality.
    - Notably, those who are 35-54 were more interested than those who are 21-34.
    - The lesson? Brands that target older demographics will have more work to do in order to drive adoption.
- **Income is not a major factor.** Household income did not significantly affect responses. The only exceptions to that were when it came to financial services applications or setting up recurring purchases. This means most brands should not assume products and services intended for lower-income users are a lower priority.
- **Amazon and Google are open for business.** We found little difference in interest in smart speaker capabilities between those who own Amazon or Google products. Furthermore, Google and Amazon device owners considered themselves similarly tech-savvy. Brands should make sure their applications can function on both platforms.

Automotive

Of all the industries we studied, automotive has made the most inroads when it comes to smart speaker technology and adoption. This should not be surprising, as driving is ripe for hands-free technology interactions. Many automotive manufacturers have already deployed voice-enabled technologies in their vehicles. In fact, IMS Research estimates that 55% of all new vehicles will provide some version of this technology by 2019. From our perspective, that is a slow adoption rate considering the demand for the technology, increasing the likelihood that users will adopt aftermarket solutions.

Furthermore, the quality of today's automotive smart speakers varies. One of the top search results for BMW iSpeech is a list of commands, which suggests that current users are finding it difficult to use the technology. No doubt this explains the recent announcement that Amazon's Alexa is coming to BMWs in 2018.

57% are very interested in using a smart speaker in their car.

Automotive

We recommend that brands:

- Partner with smart speaker manufacturers to provide in-vehicle voice interactions.
- Conduct in-context usability research to improve voice interactions with more context-aware functionality.
- Conduct exploratory research to better understand the wants and needs of younger buyers that could be addressed through voice.
- Look to replicate functionality currently provided through automotive mobile apps (e.g., remote diagnostics).

Beyond using a smart speaker within a vehicle, there are several other applications for voice. These include using a smart speaker to learn about vehicles and shop as well as using a smart speaker to control the "smart car" apps (e.g., HondaLink) that can get diagnostic information about the car, receive notifications, and schedule dealership appointments.

- 50% are very interested in using their smart speaker to learn about a vehicle they're interested in.

While age played a role in receptivity to smart speakers across all industries, it was most pronounced in automotive.

- While our survey panel as a whole was 50% very interested in using their smart speaker to learn about a vehicle they're interested in, for respondents aged 21-34, this number was 61%.
- While our survey panel was 57% very interested in using a smart speaker in their car, for respondents aged 21-34, this number was 69%. Indeed, this was the highest rated functionality after tracking a delivery package for any demographic.

This indicates automotive brands focused on younger buyers in particular should prioritize voice interactions, but that all manufacturers should be looking to ramp up their voice-enabled offerings. Further, there are clearly opportunities to support automotive shopping via smart speaker.

Your customers are talking – make sure you're listening

Consumers are ready for the smart speaker revolution but the technology is not yet there. Just as the web revealed that every company is a digital company, smart speakers will demand that every company have a strategy for voice. Understanding consumer expectations and behavior, and the unique benefits and challenges of voice technology will ensure that brands create experiences that are relevant, differentiated, and meaningful to their customers.

Do you have questions about designing for voice interactions or want help navigating your voice interaction strategy?

HOW TO WORK WITH US

AnswerLab can support your voice experience efforts in the following ways:

- Bring our Smart Speaker team on site for a Q&A as you begin exploring your strategy for designing voice interactions.
- Engage with AnswerLab workshops to help you define your digital strategy and plan for the user insights you'll need.

To learn more, contact us at answerlab.com/contact-us

About the research

We reviewed the current state of the smart speaker user experience through a multi-method research study including both qualitative and quantitative methods. Get additional findings from our Best Practices in Research and Design for Voice User Interfaces report (answerlab.com/insights)

Qualitative Research

We carried out in-depth in-person interviews with 10 smart speaker owners in Sacramento. Why Sacramento? It's one of the 15 most demographically representative cities in the United States. Participants for this segment of our research included people representing:

- A range of device ownership including the Google Home device and Amazon's Echo and Echo Dot devices
- Ages 24 to 60
- Mix of household incomes ($20k - $200k)
- Mix of education levels (high school graduate or higher)

Participants submitted seven days of diary entries, providing a snapshot of a typical week of activity. Following the diary submissions, in-home interviews allowed us to observe and investigate smart speaker usage in context. The interviews were 90-minute sessions that included both general exploratory questions about participants' current and desired use of smart speakers as well as usability tests of several representative voice applications.

Quantitative Research

We ran an online survey of 1,000 smart speaker owners throughout the United States with a panel provided by the market research company Lucid. Participants for this segment of our research included people representing:

- A range of device ownership including the Google Home device and Amazon's Echo, Dot, Show, and Tap devices
- Ages 21 to 75
- Smart speaker ownership ranging from one month to two years