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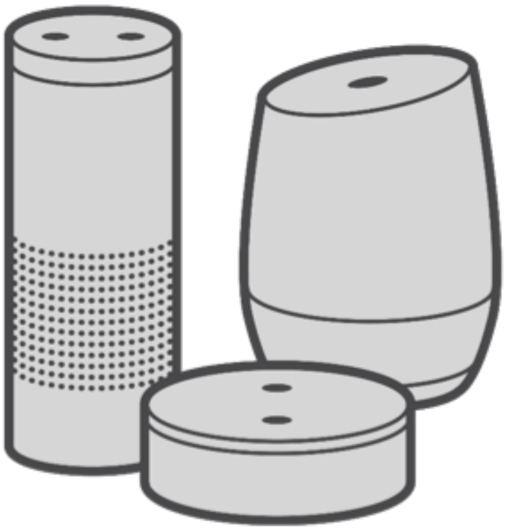

Great Voice Experiences Start with Listening:

Research-based Insights for Designing Retail 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 retail 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.
    - Interestingly, 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.

Retail

The smart speakers used in our research include shopping functionality both natively and through user-added skills and/or actions. Through our research we discovered that owners currently shop sparingly, yet are looking for more and better purchasing options.

Smart speaker owners crave more from their devices.

57% are very interested in using their smart speaker to purchase items from their favorite retailers.

47% are very interested in using their smart speaker to set up recurring purchases of household goods.

“We order through Amazon all the time, but we don’t use Echo. I like being able to browse my options. I like using the app so I can see all the versions of whatever it is I’m trying to buy.” -Heather

“Shopping with [a smart speaker] is weird to me. I have to make sure it’s going to the right address because I have multiple delivery addresses. And on top of that, I have a couple different credit cards. Plus I like looking at the screen and knowing what I’m getting--it’s comforting. ” -Angelica

Retail

We also asked users about their seasonal shopping habits. The responses received have implications year-round:

- 54% are very interested in using their smart speaker to get product recommendations for gift ideas.
- Of those who were not very interested in using their smart speaker to purchase holiday gifts, 50% preferred to do their shopping in person, 35% listed security concerns, and 31% were not sure the speaker would order the exact item they wanted.
- The Top 3 categories of gifts people would like to buy with their smart speakers are electronics (64%), toys (53%), and apparel (51%). Given the complexity of these products (as opposed to say, books or household items), retailers interested in leveraging smart speakers will have to explore how they can support browsing for products as well as reassuring customers that they are getting the item they want.

In addition, during our in-home interviews we explored ordering food delivery using smart speakers. We found that even participants who expressed concern about the experience of making larger purchases through a smart speaker were open to the idea of using it to order food from their favorite restaurants.

Retail

This indicates there are opportunities for retailers with respect to both recommendations and purchases through smart speakers. With any emerging trend, much like e-commerce a couple of decades ago, “v-commerce” has its hurdles to overcome in order to compete against more established channels. However, given the rapid growth of the voice platforms, this is an area we expect to develop quickly.

Further, our findings reflect that companies who deliver local products (e.g., restaurants, grocery stores, hardware stores) may find a receptive audience among frequent customers.

We recommend that brands:

- Assess customers’ needs with exploratory research.
- Start experimenting with frequently reordered items.
- Integrate your web and/or app experiences with your voice experiences to leverage the strengths of both (e.g., setting up a profile and identifying frequently ordered items using the web or an app to simplify ordering via voice).
- Consider voice-enabled devices that include a visual display (i.e. Amazon Show, or casting to a television).
- Keep an eye on hardware developments that improve current issues around usability and security.

“Ordering food is easier than shopping for other things and I’d feel more comfortable. There’s not much you can do about price-shopping and typically you’re familiar with the quality of the product already so research becomes less of an issue.” -Alysha

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