

Voice grows louder:

Retailers prepare for the rise of voice search in mobile commerce



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Voice grows louder: Retailers prepare for the rise of voice search in mobile commerce

When it comes to voice technology, retailers should be all ears. Noting the fast rise of technologies such as Google Assistant, Amazon Alexa, Microsoft Cortana and Apple Siri, analysts are predicting the rapid spread of voice-driven consumer experiences. Voice-enabled shopping has been one of the most talked about technology trends of 2017.

- Gartner predicts that **by 2020, 30% of web browsing sessions will be done without a screen**, in *Top Strategic Predictions for 2017 and Beyond: Surviving the Storm Winds of Digital Disruption*, Oct. 2016.
- BRP's *Digital Commerce Benchmark Survey* says **voice is one of the four major trends that will drive fundamental changes in retail**: "Shopping by voice command will replace browsers such as Safari, Internet Explorer and Chrome as the main form of search."
- Forrester advises retailers to get moving on voice. "**Marketers should begin preparations for voice search today**," according to *Voice Search Will Eventually Revolutionize Search Marketing*, Sept. 2017.

Consumers agree wholeheartedly. Research by Google found a large majority of consumers (83%) believe using voice technology makes it easier to find products. Even more, 89%, said voice makes searches faster.

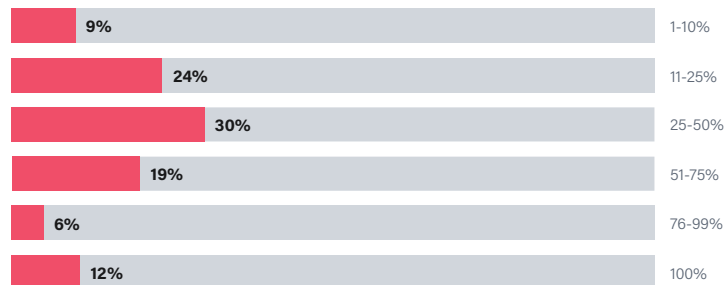
Are retailers listening? Retail TouchPoints and Voysis fielded a survey to find out. More than 100 retailers participated in the study — representing a cross-section of company sizes and industry segments — and a number of retail executives shared follow-up insights.

Mobile and voice: A natural union

Phones were invented for voice communications. So, it's no surprise that today's smartphones will play a huge role in facilitating voice-enabled activities such as shopping. As mobile accounts for a larger and larger percentage of retailers' revenue, this link will be key.

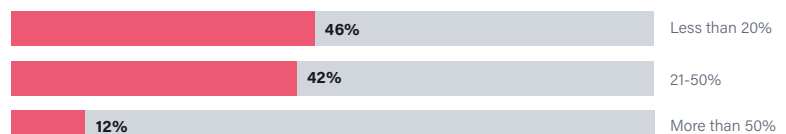
The growth of online and mobile commerce is evident among survey respondents. The majority (81%) of retailers completing the survey are omnichannel retailers while just 19% are online/mobile only. Yet online and mobile commerce accounts for a big percentage of revenue for many respondents. For example, almost a third (30%) are seeing one quarter to one half of their revenue from online/mobile commerce.

What percentage of revenue comes from online commerce?



Mobile is accounting for a lot of that growth. More than half the respondent group (54%) reports that mobile accounts for more than 20% of their digital revenue. The remainder (46%) get less than 20% of revenue from mobile.

What percentage of online sales comes from mobile?



Analysts expect mobile to be an ever-larger portion of digital sales. eMarketer estimates that smartphone-based purchases (m-Commerce) in the U.S. will increase more than 43% in 2018 to total \$146.26 billion. E-Commerce will account for 9% of total retail sales in 2017.

Despite the growth, today's mobile traffic isn't always driving retail revenue. According to research by software developer Dynamic Yield, current mobile interfaces are falling short:

- The majority (60%) of online traffic now comes from mobile devices, but this traffic accounts for only 16% of conversions.
- Average order value on desktops is 50% greater than on mobile devices.
- Nearly 80% of items in mobile carts are abandoned.

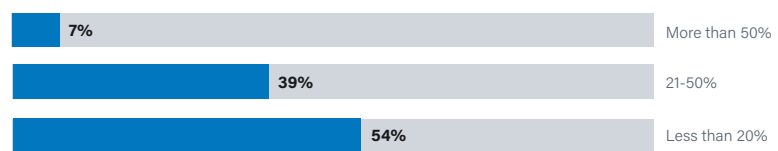
Those big gaps offer huge opportunities for retailers who can create a better mobile experience.

Mobile resources are catching up with growth potential

Mobile is where consumers are headed and retailers will be smart to stay in step. As of December 2016, consumers are spending 5 hours per day glued to their mobile devices. That's a 20% increase compared to one year prior, as reported by Flurry Analytics.

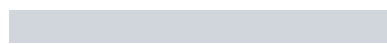
Retailers are starting to hear the message. Nearly half (46%) already devote more than 20% of their company resources to mobile development.

What percentage of company resources (employees and budget) are focused on mobile?



Despite the progress, there is still lots of opportunity for improvement in retailers' mobile presence. That's a positive thing, because consumers not only increasingly shop on mobile devices, they also use them for pre-shopping and in-store shopping. Digital interactions now influence 56 cents of every dollar spent in brick-and-mortar stores, according to Deloitte Consulting's *The New Digital Divide*, Sept. 2016.

According to RetailMeNot, 70% of smartphone owners who made an in-store purchase reported using their device to research first. To that end, mobile influenced sales accounted for more than one third of total online and offline retail sales. In a supporting study, 92% of retailers also reported plans to increase their investment in mobile advertising. This points to additional drivers of mobile investment as retailers look to mobile to reach more consumers and help drive and improve the in-store experience.



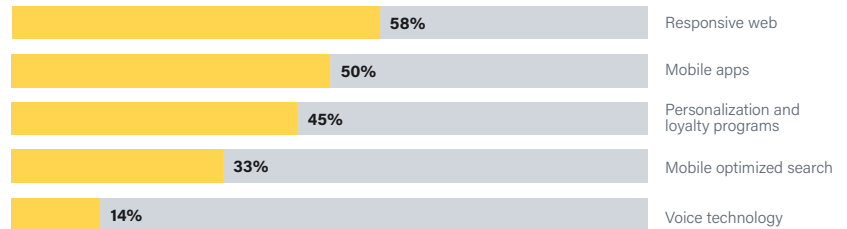
46% of retailers already devote more than 20% of their company resources to mobile development.

How retailers are investing in mobile

Retailers are working hard to enhance the customer experience on mobile. Making the experience simple, fast, productive and even fun for the customer is a complex undertaking behind the scenes. Retailers must address a number of different dimensions to keep up with fast-moving m-Commerce trends.

Where is the majority of your mobile investment focused?

(Rank answers 1-5, 1 being the greatest investment)



Results reveal retailers are seeking to tackle many aspects of the mobile experience at once.

Responsive web is seeing the most investment. Footwear retailer **Donald J Pliner**, for example, has been on a journey to offer a more app-like mobile web experience. The company started by creating an adaptive web site, one that detects screen size and serves a static layout based on those dimensions. But now, the retailer is moving toward responsive web and app-like experiences such as push messages, said Amy Larson, VP, Marketing and E-Commerce.

Mobile apps are a close second in retailer priorities — but some retailers such as **Donald J Pliner** are avoiding apps because customers can be hesitant to devote valuable phone space to a single retailer.

Personalization and loyalty investment is just on mobile apps' heels, reflecting a trend that also extends to desktop e-Commerce and brick and mortar. Personalization is a big driver behind the app under development at **Leslie's Poolmart**. To recommend the right pool chemicals, it's important that the retailer be able to reference the customer's recent water testing results. So, in addition to making ordering fast and easy, the app must be able to quickly grab the right personalized data. Since the company's online business is growing nicely, it wants to deliver that capability via the app, said Scott Woodard, CIO-Operations.

Lagging all of these initiatives only slightly is **mobile-optimized search**. Already, according to Google, more than 50% of search queries come from mobile devices.

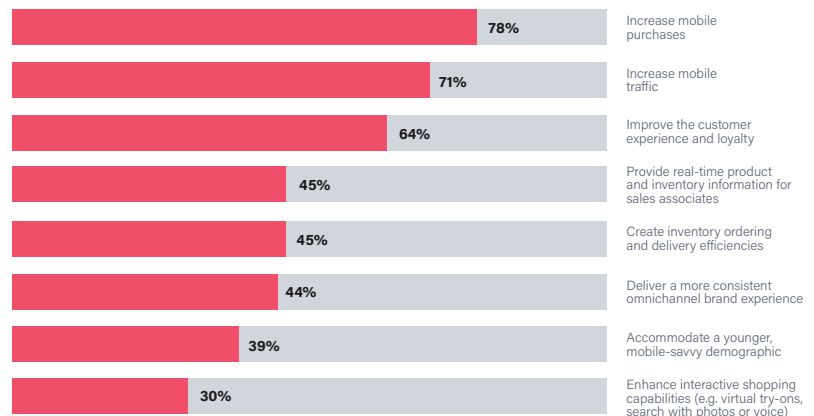
Voice technology is still emerging, so respondents currently are devoting much smaller portions of their mobile development budgets to this technology. **Leslie's Poolmart** is an exception, however. The retailer already has a dimensioning application that uses voice technology to allow the user to speak measurements into the app to calculate pool cover sizes. "The dimensioning app works flawlessly," said Woodard. The company is looking to fold that capability into its new mobile shopping app under development, expanding voice to shopping functions. "We polled our beta testers, and 80% of them wanted voice," said Woodward. In addition, as we'll detail shortly, 60% of our survey respondents plan to have mobile voice search on their roadmaps before the end of 2018.

Mobile commerce business goals

If customers want to shop on mobile, then retailers want to be on mobile. That's reflected in respondents' top business goals for mobile commerce.

In 2018, what are your business goals for mobile commerce?

(Check all that apply)



Increasing mobile purchases leads the way, with 78% of RTP survey respondents citing this as their number one goal. This squares with consumer trends. According to Business Insider's Mobile Purchases in the U.S. Gain Traction, March 2017, 36% of online purchases occurred on a mobile phone in Q4 2016, a 20% year-over-year (YoY) increase, while conversion rates grew 25% YoY. Fashion and luxury saw the most purchases via mobile in the U.S., while the home category experienced the greatest growth. In addition, PwC's Total Retail Survey 2017 found 35% of consumers say the mobile/smartphone will become their main purchasing tool.

A close second in terms of mobile goals is **Increasing mobile traffic** (71%). In addition to driving purchases, retailers see mobile traffic as a way to deliver a personalized experience, increase loyalty and support in-store experiences — in fact, **Improving the customer experience and loyalty** is the third most common goal (64%). **Sephora**, for example, uses its mobile app to facilitate engaging in-store experiences — including augmented reality — as well as to help shoppers find the information they need when they are in Sephora stores.

Approximately 45% of respondents are also prioritizing internal uses of mobile that ultimately support these top-three goals: creating inventory ordering and delivery efficiencies, and providing real-time product and inventory information for sales associates. **DSW**, for example, is planning to equip associates with tablets offering customer-facing data like personalized offers, wish lists and purchase history as well as product info to facilitate better customer experiences. This is followed closely by those looking to deliver a more consistent omnichannel brand experience (44%).

Emerging tech on the roadmap

While retailers pursue all of these block-and-tackle mobile goals, they must also continue to experiment with emerging technologies. While many retailers have traditionally taken a wait-and-see approach to new innovations, the rapid pace of tech evolution is forcing them to be more aggressive.

According to RSR Research's *AI & Natural Language Processing...On the Other Hand*, January 2017, "Retailers need push the 'go faster' button. That means that they have to: (1) Get involved in the dialogue about emerging technologies; and (2) Experiment. Go to the conferences, get on advisory boards, establish a 'lab,' and learn how to 'fail fast' just as the tech companies and consumers do!"

Among RTP survey respondents, emerging **Social commerce** technology is furthest along, already on the roadmaps of **52%** of respondents, while **41%** are already planning to adopt **Image search**.

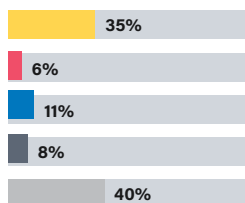
But **Voice search** — using voice rather than or together with a screen and keyboard to search — indexes even higher than both of those. **Mobile voice search** and **Desktop voice search** are both being added by more respondents through 2018 than any other technologies cited in the survey.

When do you expect the following emerging technologies to be included on your technology roadmap?

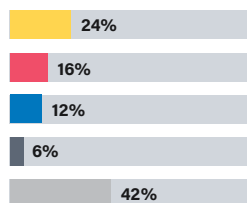
(Check one answer for each)

■ Already on roadmap
 ■ Q3 or Q4 2017
 ■ Q1 or Q2 2018
 ■ Q3 or Q4 2018
 ■ Not sure/Not on roadmap

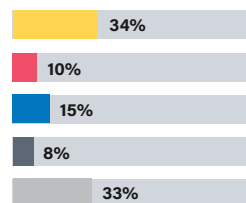
Mobile Voice Search –
Voice search in your mobile
web/app experience



Desktop Voice Search –
Voice search on your website



Text-based Natural
Language Search



Voice Assistant Integrations
(i.e., "skills" for Amazon
Alexa or Google Assistant)

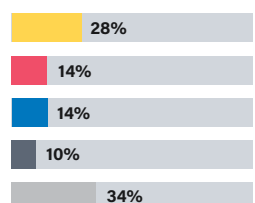
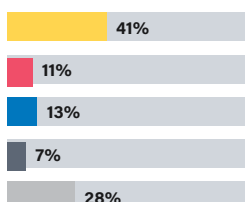
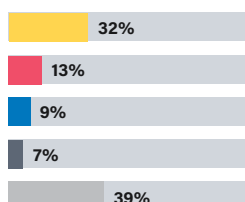


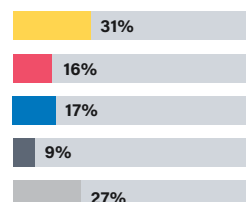
Image Search



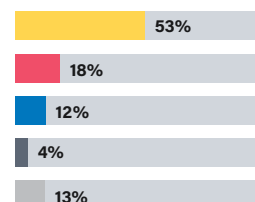
Chatbots



Internet of Things (IoT) Devices
(i.e., Amazon Dash buttons)



Social Commerce



The rising interest in voice search is likely due to the fast adoption rates for in-home digital assistants such as Amazon Alexa or Google Assistant. In fact, 29% of respondents are already planning **integrations with digital assistant platforms**. The most recent reports estimate that there are about 20 million smart speakers in the market from Google and Amazon to date, a number that is expected to grow rapidly by the end of the year.

Mobile voice search, which takes advantage of the natural fit between phones and voice, is currently on the tech roadmap for 35% of respondents, but that will increase to 60% by the end of 2018.

Nearly a quarter (24%) already are planning to adopt **Desktop voice search**, a number that will grow to 58% by the end of 2018.

REI is among the early adopters of integration with smart speakers and the voice interface. The co-op retailer is seeking ways to better engage its members, and one of these has been enabling members to ask Alexa about the REI deal of the day, store locations, equipment rental information, and up-to-date information on REI classes, events and garage sales.

"Voice search is going to be a game-changer because it will help retailers and search engines understand the real intent of the customer search," according to an article in *Forbes*, *Forward-Looking Retailers Are Preparing for AI, Hyper-Local and Voice Search*. That's because it facilitates "understanding what customers want and offering it to them, better and faster than the competition."

Other emerging techs growing more common on retail roadmaps are **Text-based natural language search** (34% already planning), **Chatbots** (32% and indexing just behind voice assistant integrations) and **Internet of Things** (31%).

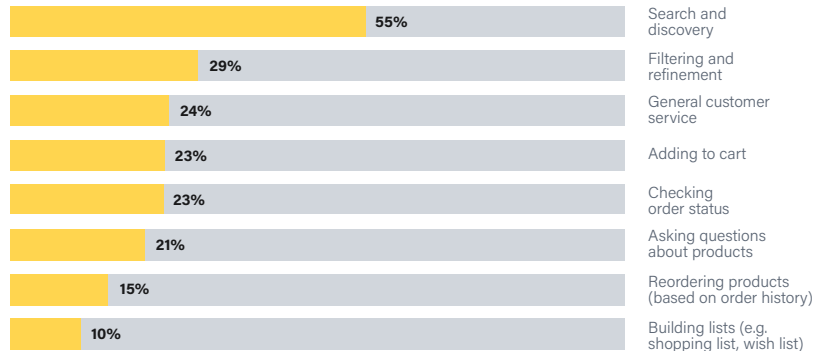
**Over 50% of retailers
will invest in mobile voice
search in 2018.**

Retailers see big benefits in voice

Which voice use cases do retailers see as offering the greatest benefit? If this report were voice enabled, it would tell you it's search and discovery. Recall that Google research mentioned earlier found that 83% of consumers believe using voice technology makes it easier to find products, and 89% said voice makes searches faster.

Of the possible use cases for voice-enabled technology, where do you see it having the greatest benefit?

(Please rank 1-8, 1 offering the greatest benefit)



Respondents also see **Adding to cart (#4)** and **Filtering and refinement (#2)** as top benefits of voice technology use cases. Adding to cart directly impacts respondents' number one goal, driving sales. Filtering and refinement via voice is the audible equivalent of trying to remove clicks from the search process to make it faster and easier for shoppers to narrow down a search to exactly the product that fits their needs.

This capability would be ideal for **Advance Auto Parts**, which has been focused on making searches more user friendly, said Don Martin, Regional Operations Director. All stores are laid out exactly the same, so if a customer is seeking, say, new front wiper blades for a 2009 Acura, a voice search can quickly identify the right product, and also tell the customer exactly where to find it in any store if the customer chooses that channel. "Typically, people don't know what they need," said Martin. "In our business, voice would be an amazing strategic advantage."

But respondents also see value in other voice use cases, including asking questions about products. [ComScore findings](#) back this up, finding that asking questions is the number one way current users interact with their Amazon Echo and Google Home devices. But Forrester said these are not product-search types of questions just yet, according to [Voice Search Will Eventually Revolutionize Search Marketing](#) — whose title suggests this is a temporary distinction.

Respondents are also convinced that checking order status — offered as a skill on Alexa by **eBags** — and easy reordering of products are valued voice benefits. **Amazon's** mobile app also enables customers to check order status via voice.

Donald J Pliner uses voice via its partner for customer post-sales support, enabling customers to use voice to track packages and find out when returns are processed via Alexa. But Larson sees a bigger role for voice down the road. "We think that's the low-hanging fruit," she said, envisioning additional applications such as ordering. "There are definitely people using voice for search today, but to my mind the next most useful app is customer service calls," not only helping customers but relieving the staffing burden on the retailer's small staff.

Retailers look down the tech road

In 2001, author Ray Kurzweil wrote that every decade our overall rate of progress doubles: “We won’t experience 100 years of progress in the 21st century — it will be more like 20,000 years of progress (at today’s rate).”

That’s clear in respondents’ collective responses to an open-ended question about what they see as the technologies that will have the biggest impact over the next five years:

What are the top three technologies that will have the biggest impact on retail in the next five years?

Ranked as #1

Mobile Phones	Artificial Intelligence (AI)	Mobile Apps	E-Commerce	Internet of Things (IOT)
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Ranked as #2

Cloud	Mobile Apps	Online Payment Methods	E-Commerce	Social Media/Commerce
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Ranked as #3

Mobile Technology	Virtual Reality/ Augmented Reality	Artificial Intelligence	Web Sites	Big Data
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Conclusion: The rise of voice

Retailers are starting to catch on to consumers' clear enthusiasm for voice technologies and voice search. While it's not yet widespread, 60% of respondents are planning to have mobile voice search on their mobile roadmaps before the end of 2018. Many are laying the foundational elements to their mobile presence, improvements that will enable voice to do its best work.

That's good news, because analysts project voice to spread quickly. Other key findings from Gartner's *Top Strategic Predictions* report add to the urgency:

- More than half of U.S. teens already use voice search daily, and usage is growing rapidly.
- Audio-centric technologies are making access to dialogue-based information ubiquitous and spawning new platforms based on "voice first" interactions.
- Gartner predicts companies will experience great pressure to invest in voice-based technology solutions as part of the next wave of customer and employee experience design.
- Gartner also projects that by the end of 2017, 5% of consumer-facing web sites will feature audio interfaces.

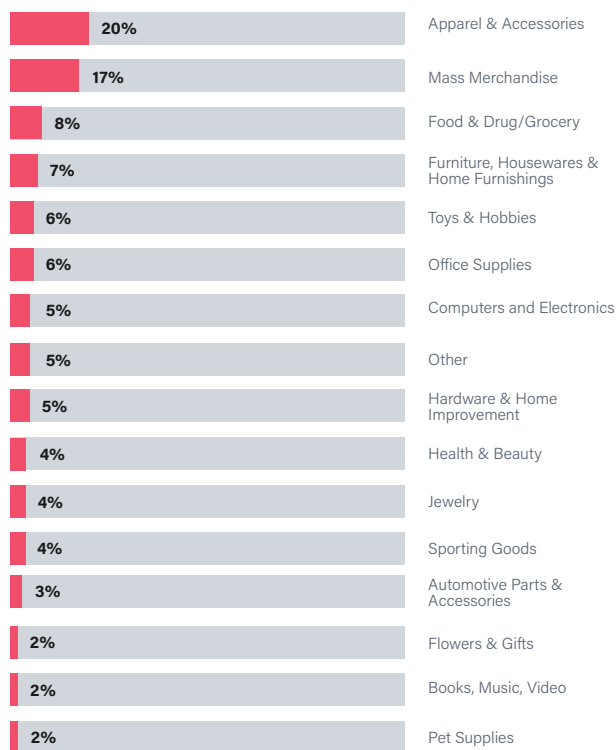
Voice promises to open up exciting new opportunities to retailers that are savvy enough to embrace the technology. According to Gartner, "By eliminating the need to use one's hands and eyes for browsing, vocal interactions extend the utility of web sessions to contexts such as driving, cooking, walking, socializing, exercising, operating machinery and so forth. As a result, the share of waking hours devoid of instant access to online resources will approach zero."

Voice is coming, and smart retailers are hearing the message loud and clear.

Survey demographics

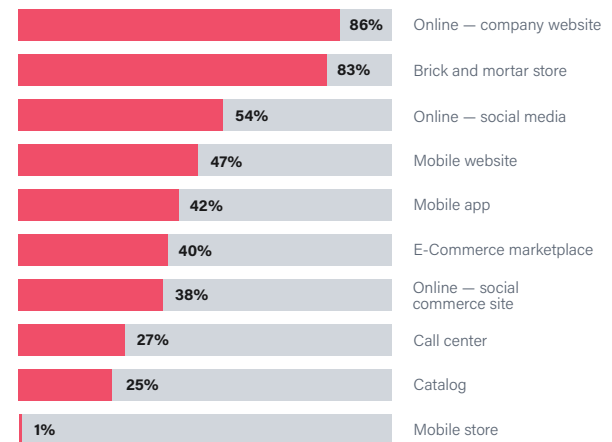
Retail TouchPoints and Voysis conducted this survey in September and October 2017. The 109 retailer respondents hail from a variety of industry segments, operate in many different channels and represent a wide range of annual revenue.

Which industry segment does your company primarily associate with?

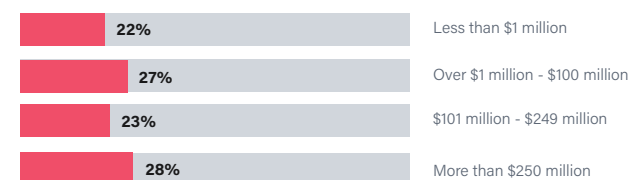


Which channels do you currently conduct business in?

(Check all that apply)



What is your projected revenue for 2017?



Learn more about the potential of voice in retail

Voysis™

Voysis is the complete voice AI platform that enables any online retailer or brand to instantly stand up their own brand-specific, intelligent voice experiences. The platform was built from the ground up by a team of scientists, engineers, and linguists with in-domain expertise in speech technologies, natural language processing, and deep learning. The Voysis platform utilizes speech recognition, natural language processing and understanding, deep learning, and text to speech capabilities, all of which were developed in-house. The company was founded by CEO Peter Cahill, a Ph.D. who has dedicated 15 years to speech technology and neural network research. It is headquartered in Dublin, Ireland with offices in Boston, MA and Edinburgh, Scotland. Learn more at voysis.com.



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