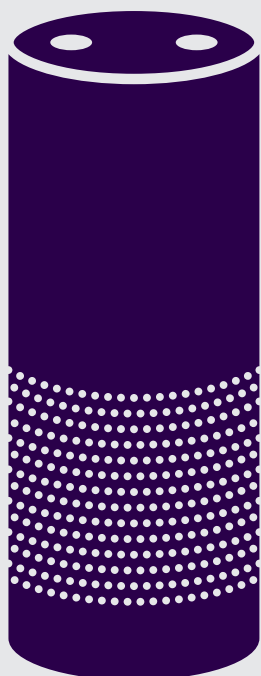


Conversational Commerce

Why Consumers Are Embracing Voice Assistants in Their Lives



Introduction

Conversational Commerce, consumer purchase of products and services via voice assistants such as Google Assistant, Amazon's Alexa, and Apple's Siri, will revolutionize how consumers and brands interact in ways not witnessed since the dawn of e-Commerce. It is so much more than a new interface or an additional channel in an omni-channel world. It promises to be a curator of services and experiences that intelligently meet needs and engage consumers emotionally—anytime, anywhere.

We are still at the very beginnings of Conversational Commerce, but the extraordinarily rapid early adoption will drive investment and innovation, consequently enabling an entirely new way for brands to build relationships of value with consumers. These relationships will seamlessly extend across consumers' relationship lifecycle with brands—from marketing to sales and service—creating an entirely new, more instinctive way for consumers to engage with brands.

As the number and variety of devices supporting voice-based applications grows, the consumer will be connected in a multitude of locations—at home, on the go, and in the store. This ubiquity of connection will allow retailers specifically to extend the relationships they have with consumers beyond the four walls of their stores—we call this boundary-less commerce. The very nature of a dialog between a consumer and a brand will create a rich source of information and insight—insight that allows for heightened contextual understanding and empathy on the part of brands, presenting an unparalleled opportunity to develop relevancy, trust, and emotion-based connections with consumers. Brands can use this new-found customer intimacy to drive brand preference and affiliation, the highest form of loyalty.

As you will see in this report from the Digital Transformation Institute and in the companion point-of-view document created by Capgemini in partnership with the MIT and Intel,¹ consumers are ready and eager to interact in this way. They are ready to engage with and share information with the brands that offer them value in return. There are, of course, questions and concerns, and the brands that succeed will be those who both reassure and deliver the anticipated value to their consumers.

The past year has been decisive for Conversational Commerce. While previously restricted to chatbots accessed via messaging apps for shopping, the definition of Conversational Commerce has significantly expanded with the arrival of voice-based personal assistants.² As Figure 1 shows, 2017 saw a range of key developments that have stirred consumer and business interest (see Figure 1).

- More than forty large retailers, such as Walmart, Target, Costco, Walgreens, and Home Depot, have partnered with Google to introduce voice-based shopping to consumers via Google Express.³ Google has coupled this effort by adding support to enable Google Home⁴ users to place voice-activated orders for select stores.⁵
- Several smart speakers enabled by voice assistants have launched or expanded their portfolios. Recently, Amazon launched a new generation of devices as part of its "Echo" line, which now offer improved conversational facility, better memory, improved voice recognition, and an experience that is more akin to natural human interactions.⁶ Shortly thereafter, Google launched new Google Home devices.⁷ These capitalize on Google's search advantage, and tie in multiple Google accounts, to offer users a more synchronized experience.⁸ Moreover, voice assistants are being made available in more and more devices. BMW announced that Alexa will be available in its 2018 model year cars starting mid-2018.⁹ Earlier in 2017, Google added its virtual assistant to Android wear watches.¹⁰
- The technology and functionality of voice assistants are going from strength to strength. Amazon's Echo has app-based skills that provide users with support in areas ranging from home automation to health and fitness, and as of September 2017, there were more than 20,000 of these

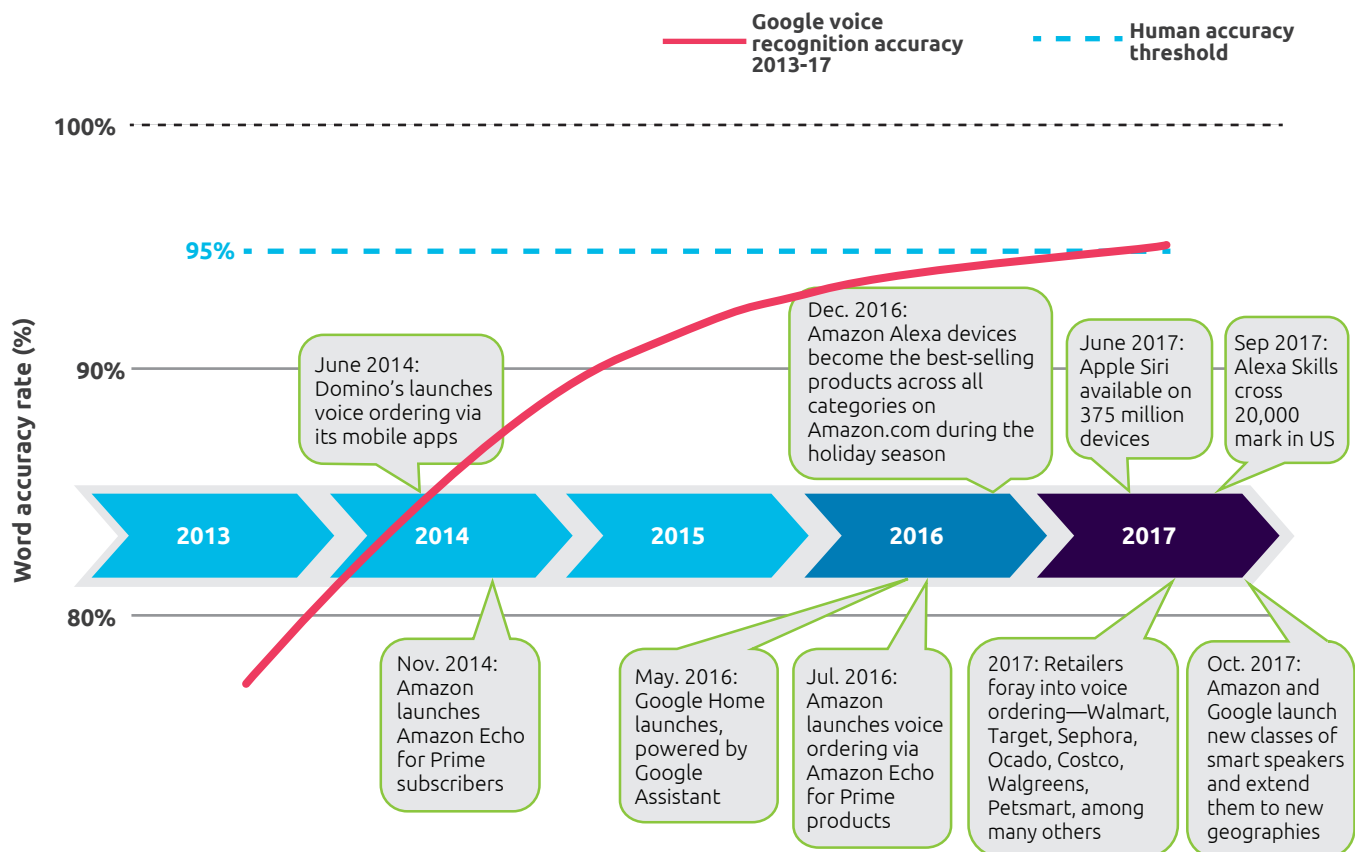
skills,¹¹ with 40% of them added in just a three-month spell between June and August 2017.¹² Google's voice recognition accuracy has surpassed human levels. Microsoft's speech recognition tech matched the accuracy of a group of human transcribers, beating its own previous record.

These advances, coupled with increasing consumer appetite for voice devices, points to a clear opportunity for brands and retailers. To understand consumer interest in Conversational Commerce in detail, and its implications for businesses, we conducted a survey of over 5,000 consumers. We also undertook focus group discussions with consumers in the US, the UK, France, and Germany, examining their Conversational Commerce interactions, their preferences, and their expectations. The research methodology at the end of the report provides more details on our approach.

Our research findings show that voice assistants are on the cusp of transforming commerce. In this research, we:

1. Outline why **voice assistants are about to revolutionize commerce**, based on the functions, use frequency and context in which consumers like to use voice assistants
2. Analyze **why consumers love voice assistants**, depending on their needs and preferences
3. Ascertain the **concrete benefits of Conversational Commerce** for retailers, consumer products, and services organizations
4. Recommend an action plan for organizations to **devise a sound Conversational Commerce strategy**.

Figure 1. Advances in voice recognition have fueled growth in voice assistants and their commercial applications



Source: Amazon, Google, Microsoft, Apple, and other company websites and press releases. Kleiner Perkins, Internet Trends 2017, May 2017. Google voice recognition data as of 5/17/17 and refers to recognition accuracy for English language.

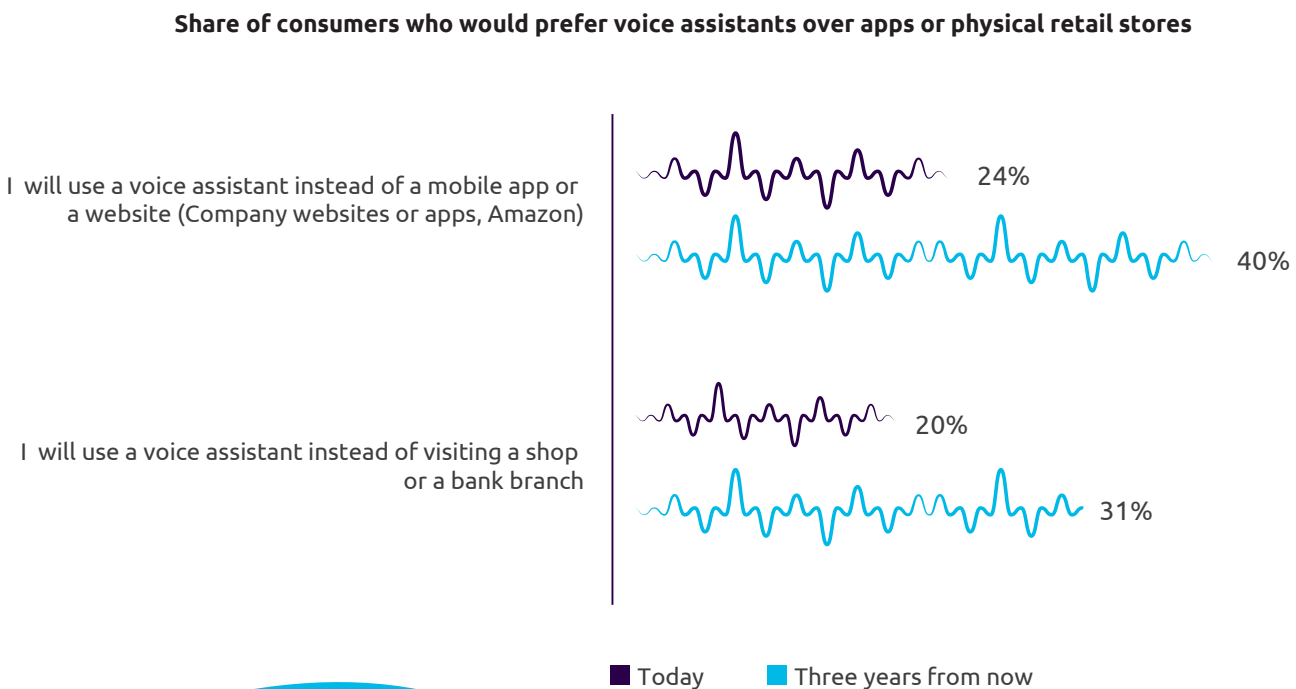
Voice assistants are about to revolutionize commerce

Voice assistants will become a dominant mode of consumer interaction in three years

Our research found that consumers see a future where they will be increasingly willing to use voice assistants instead of websites or physical shops. Today, around a quarter (24%) say they would use a voice assistant rather than a website.

However, three years from now, that rises to 40% (see Figure 2). And close to a third (31%) would prefer to use a voice assistant instead of visiting a shop or a bank branch in the future, compared to 20% today.

Figure 2. Consumers are developing a strong preference for interacting with companies via voice assistants



40%

Consumers who will use a voice assistant instead of a mobile app or a website, three years from now

Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 5,041 consumers in the US, UK, France, and Germany.

81%

Users of voice assistants who have used them via smartphones

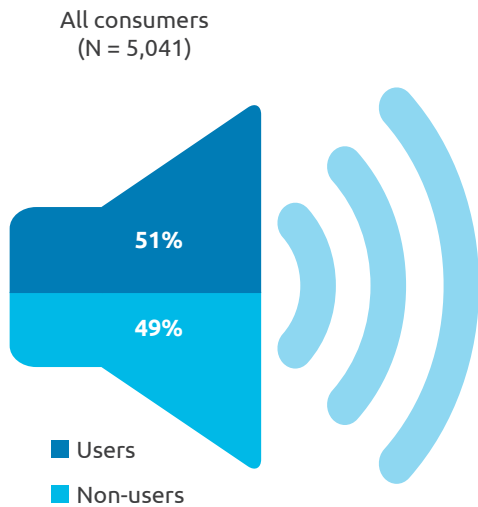
Consumers are already using voice assistants for making purchases

As Figure 3 shows, a majority of consumers (51%) are already users of voice assistants, and interacting with voice assistants via smartphones (81%) is the dominant mode of use. Twenty-one percent of consumers have been using voice assistants

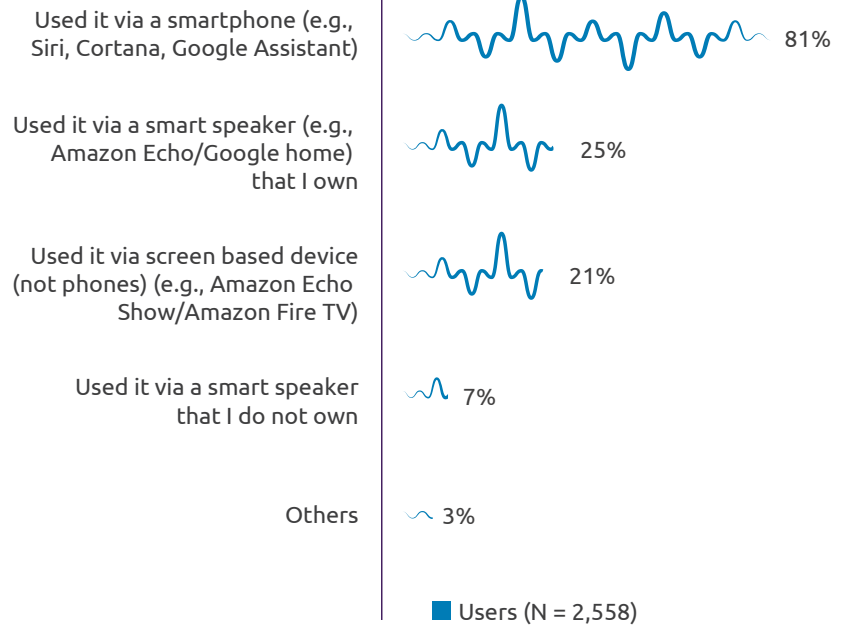
from devices other than phones or smart speakers. It is evident that voice assistants are likely to be used for commerce through devices other than phones or smart speakers in the future.

Figure 3. Majority of consumers already use voice assistants

Voice assistant user base



Mode of Usage



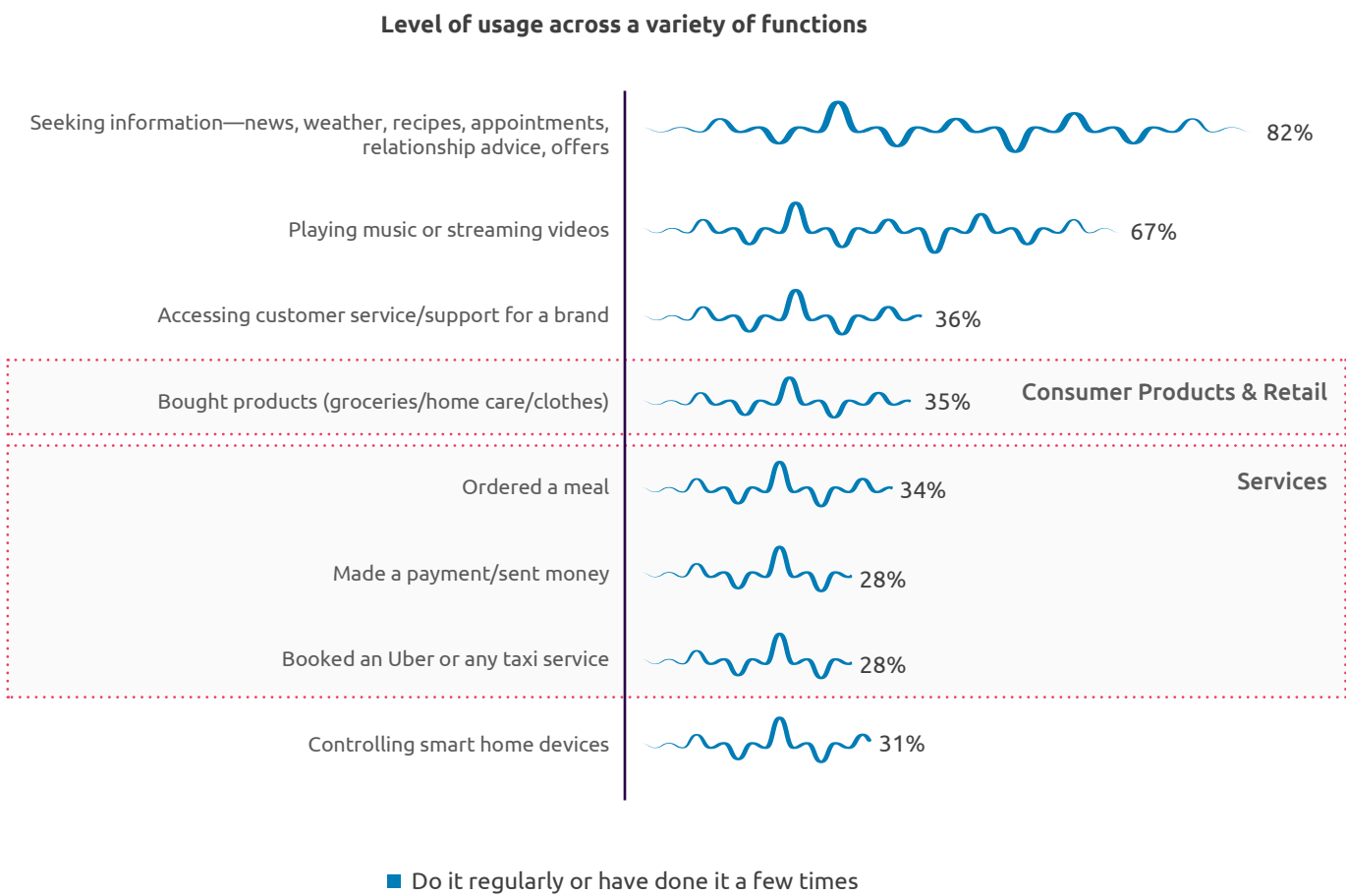
Source: Capgemini Conversational Commerce Survey, October–November 2017, N = 5,041 consumers in the US, UK, France, and Germany.

We define users of voice assistants as those respondents who have used voice assistants at least once in any form—via smartphones, smart speakers, screen-based, and other devices enabled with voice assistants (not smartphones); everyone else is termed a non-user.

Users have adopted voice assistants for a variety of functions. More than four in five consumers have used voice assistants for seeking information (82%) and two in three have used

them for playing music (67%). Usage has also extended to commerce-related activities.¹³ Over a third (35%) have bought products like groceries, homecare, and clothes (see Figure 4).

Figure 4. Users of voice assistants have already been adopting them for making purchases



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 2,558 users in the US, UK, France, and Germany.

35%

Users who have bought products such as groceries and clothes via voice assistants

Our research shows developments in a number of areas:

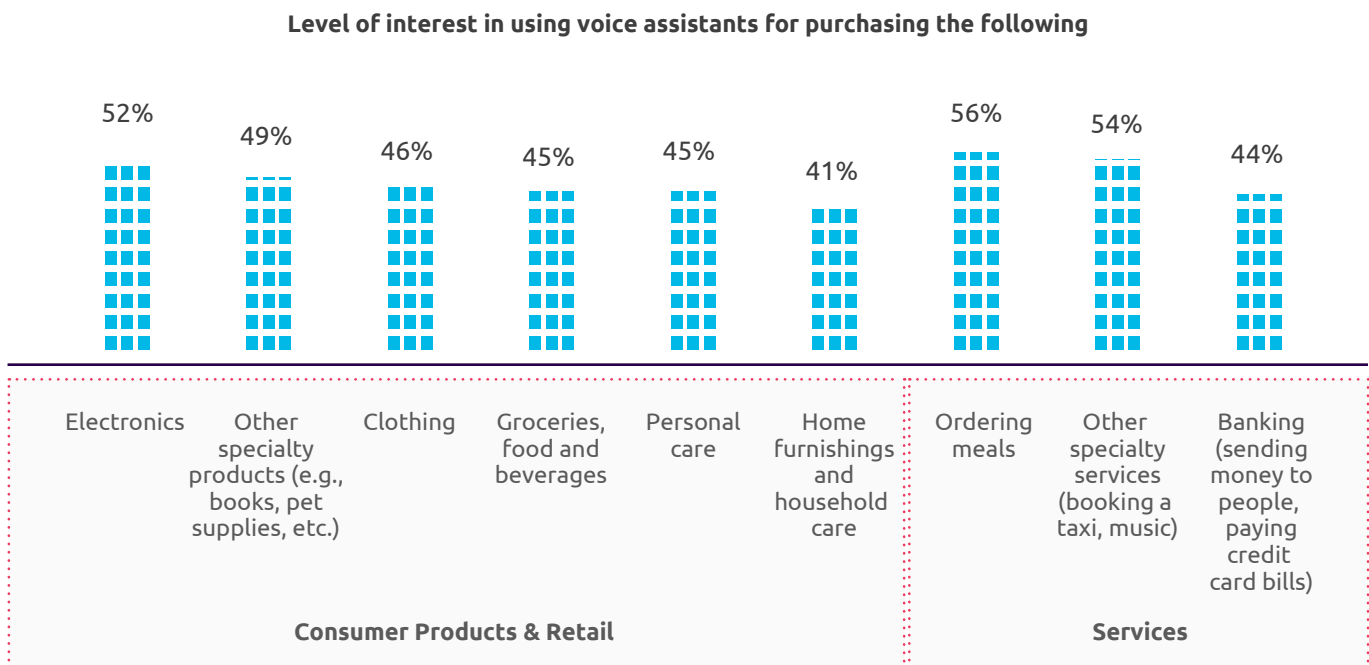
Product purchases

Users also shared the product categories they would be most interested in. More than half (52%) would be interested in buying electronics via voice assistants, with significant interest also shown in areas such as clothing, groceries, and home furnishings (see Figure 5).

56%

Users who are interested in ordering meals from restaurants using voice assistants

Figure 5. Users' interest in using voice assistants for purchase is high across most product and service categories



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 2,558 users in the US, UK, France, and Germany.

These existing and potential behaviors tie in with some of the advances already made by retailers and brands to launch voice shopping via partnerships with tech platforms like Google Assistant and Amazon’s Alexa:

- Walmart partnered with Google to provide highly personalized voice shopping. It recently launched its voice platform to allow consumers to shop more than two million Walmart items through voice.¹⁴
- The French cosmetics retailer, Sephora, recently launched its app on Google Assistant, Google’s voice-activated virtual personal assistant.¹⁵ The assistant allows consumers to book beauty services, with more functions soon to come.
- Ocado became the first British retailer to launch voice ordering capability on Amazon Alexa in August 2017.¹⁶ Using this Alexa Skill, customers can also add products to an existing order and seek information on in-season products and how to use them in recipes.

Services—Meal and restaurant ordering

We saw earlier how over a third of users (34%) have already ordered a meal using a voice assistant. As Figure 5 also shows, this behavior is set to increase, with a majority of consumers (56%) saying they would be interested in making restaurant orders through voice assistants. Major pizza take-away pioneer, Domino's, has been an innovator in this field. As early as 2014, Domino's Pizza launched voice ordering via its iPhone and Android apps.¹⁷ The in-app voice assistant, Dom, can take users' order for carryout or delivery, handle saved orders, suggest additions to a meal, and find coupons for the best deals.¹⁸ Others are developing their own innovations. Early in 2017, Starbucks launched voice ordering capabilities via mobile app and a reorder skill on Amazon's Alexa platform. Users can simply say: "Alexa, order my Starbucks" to order their usual items.¹⁹

Services—Banking and Insurance

Our research showed that 28% users have already used a voice assistant to make a payment or send money, and we found interest in this area increasing, with 44% expressing an interest in using voice assistants for bank transactions (see Figure 5). Capital One has been a pioneer in adopting voice in the financial services sector. It has launched an Amazon Alexa Skill to allow consumers to access their account information and even pay their credit card bill simply by using voice commands.²⁰

A large insurance provider in Europe, a Capgemini client, implemented a voice assistant to help its customers 24/7 on all channels (telephone, apps, chat among others). The voice assistant used natural language to converse with users and provided them with fast, accurate and personalized answers in addition to anticipating their needs. This not only enhanced customer experience but also improved operational efficiency for customer service representatives by allowing them to focus on more value-added requests and pre-qualify some of customers' demands through an exchange made by the voice assistant in advance.

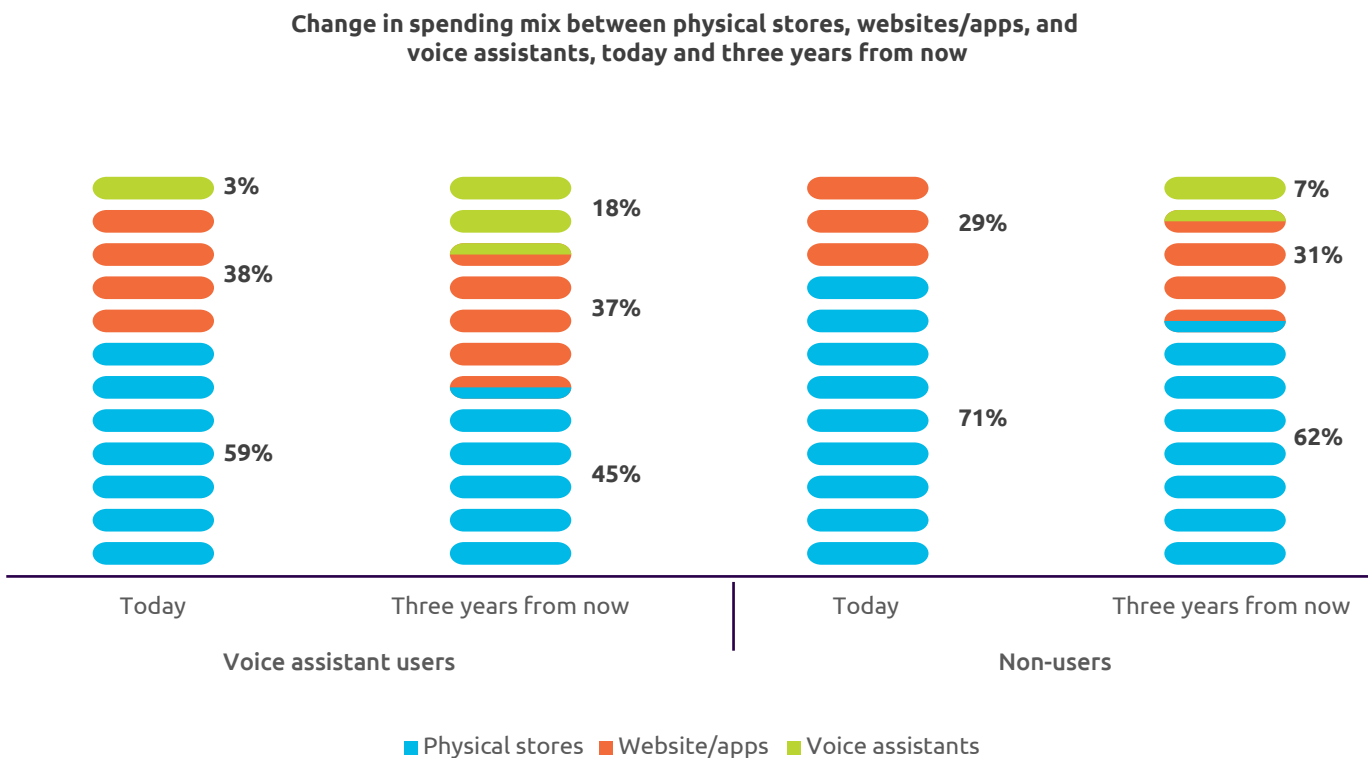
44%

Users who are interested in using voice assistants for making banking transactions

Consumers will be voting with their wallets in favor of voice assistants over other channels

Our research confirms that consumer interest in using voice assistants for purchase will strengthen. In three years' time, active users of voice assistants expect 18% of their total expenditure to take place via voice assistant, a sixfold increase from today (see Figure 6). Even non-users—those who do not use voice assistants today and hence do not spend anything via voice assistants—expect to devote as much as 7% of their total spending via voice assistants on average.

Figure 6. Spending via voice assistants is expected to grow as much as sixfold in three years for users of voices assistants



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 5,041 consumers in the US, UK, France, and Germany.

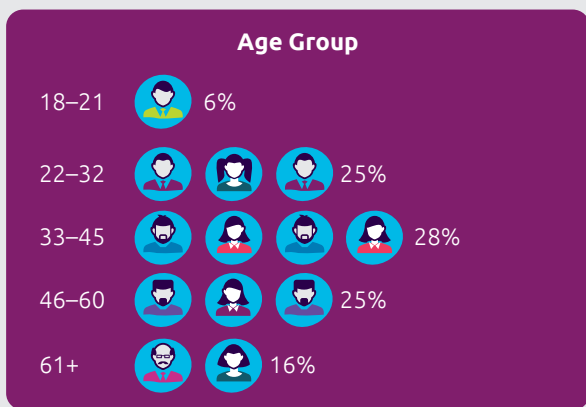
6X

The increase in share of users' spending via voice assistants amongst spending via all channels

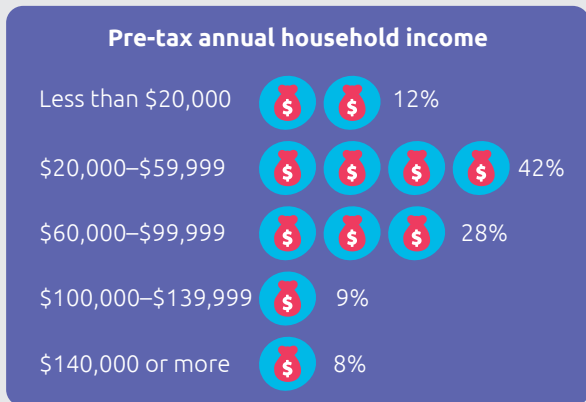
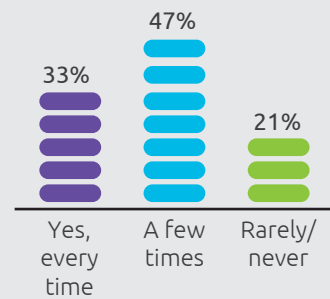
Profiling voice assistant users

- 82% users say fast and accurate replies are the most compelling feature that influences the use of voice assistants.
- More than two-thirds (69%) prefer using voice assistants in their living rooms, while only 32% of users are comfortable using voice assistants around unfamiliar people, suggesting there is a shyness among users to engage in dialog in public.

- Safety and security of their personal data is of most value to them in their interactions with voice assistants.
- Close to one in five have an annual pre-tax household income of more than \$100K.
- The largest category of users falls in the age bracket of 33–45 years.



Do friends and family come to you for assistance and advice when it comes to technology?



Top three features compelling the use of voice assistants



Preferred location for interaction

- Living room, 69%
- Kitchen, 61%

Preferred social setting

- With close friends or family, 50%
- "When I am alone," 46%

Top three criteria that add value

- Safety and security of data (71%)
- Saving money through deals, promotions (68%)
- Saving time in the overall purchase process (64%)



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 2,558 users in the US, UK, France, and Germany.

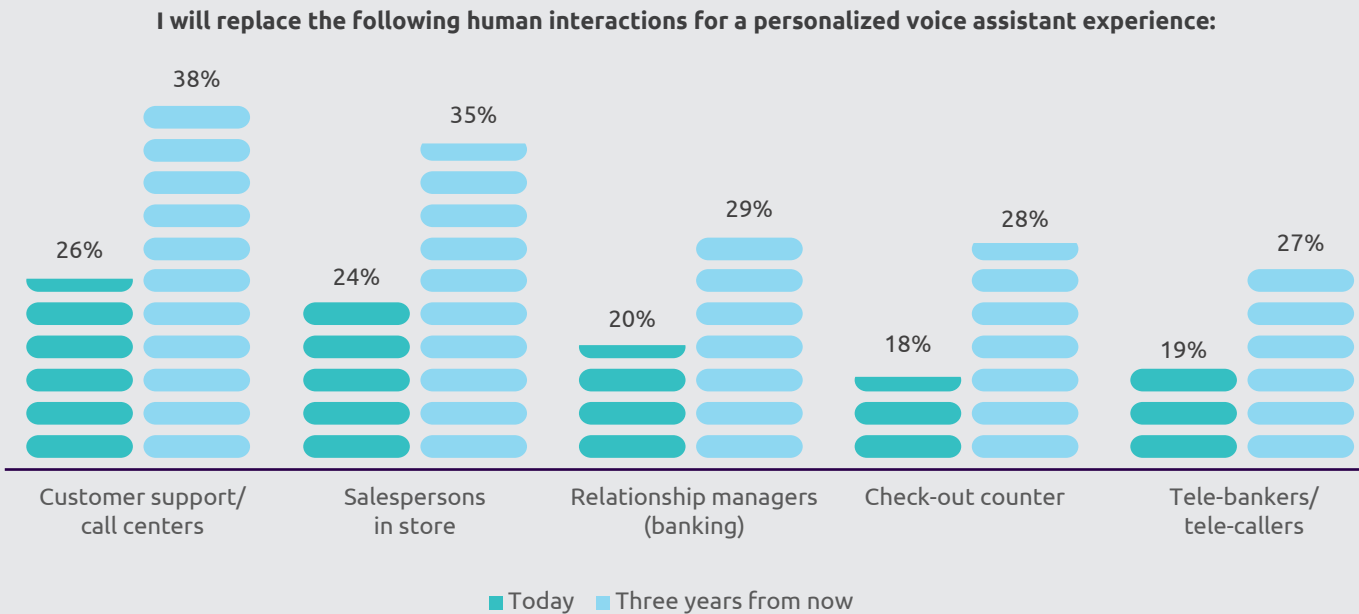
Conversational Commerce can be used to enhance the relationship between the retailer and consumer in the store

As our voice assistant user profile displays, there is a great opportunity to engage in a dialog when the consumer feels comfortable and feels at “home.” Conversational Commerce can extend the relationship between the retailer and the consumer beyond the store since the majority of users prefer their home for interacting with voice assistants, but it can also be used to enhance the relationship in the store.

In the future, over a third of consumers would be willing to replace customer support or shop sales support with a personalized voice assistant (see Figure 7) in order to enhance

their in-store experience. Consumers’ common complaint with today’s interactions is that they are slow and inconvenient. As a US consumer in one of our focus group discussions told us: “I think if I had a choice, I would use a voice assistant. It would be faster and less stressful. I have had some really hard time sometimes with customer support. I think the voice assistants could take away a lot of stress and headache.” The idea of interacting with voice assistants instead of salespeople also resonated with some consumers in the UK, with one telling us: “If I need to locate something in the shop, I would rather have a voice assistant help me find it than find a salesperson.”

Figure 7. Share of respondents who would replace human interactions with a personalized voice assistant today, and three years from now



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 5,041 consumers in the US, UK, France, and Germany, ranked by difference between three years from now and today.

Why consumers love voice assistants

Users are satisfied with their voice interactions

Consumers who use voice assistants are very positive about the customer experience. As Figure 8 shows, they are positive about activities, from making payments to buying groceries. Overall, 71% of users are satisfied, and when we segment that satisfaction score by device, smartphones score highest.

This sentiment is echoed in our focus group discussions:

- “There are no restrictions with the time and places for use—that is the wonderful thing about voice assistants. I haven’t made any purchases yet, but I intend to. I regard it as a very friendly tool. I currently use them to find train times and do research for my work.”

—UK focus group participant

- “I started using Alexa because I need to use a medical device four times a day and I would set reminders on it. Now, I also make purchases through Alexa, and it is rapidly learning new things with time.”

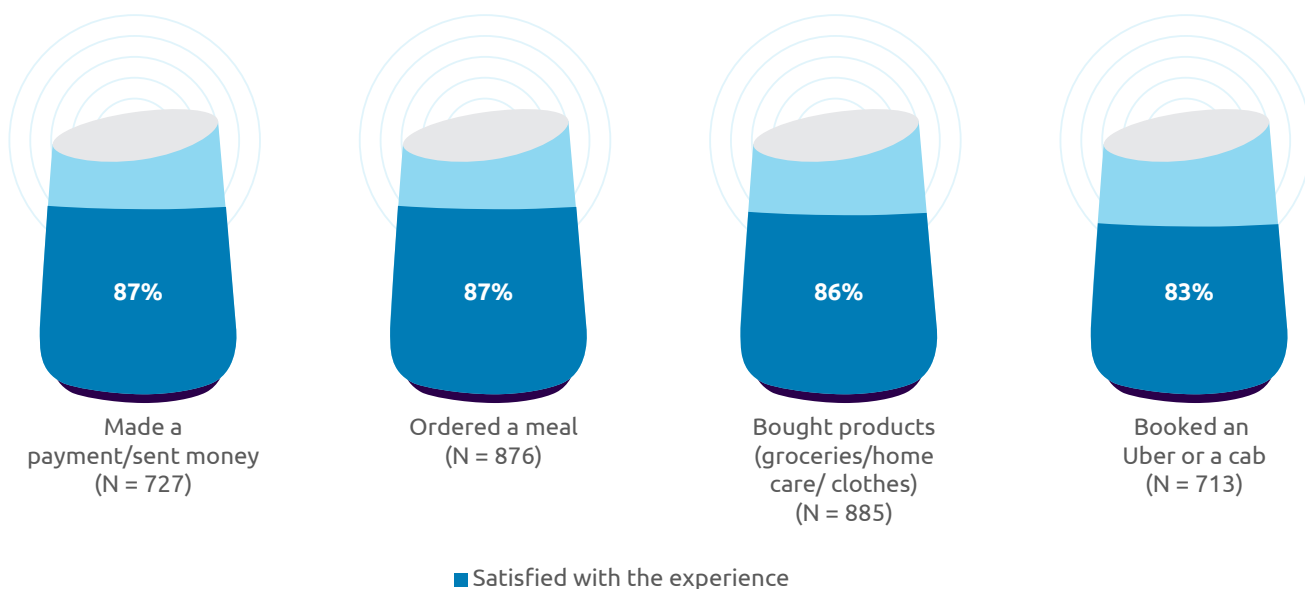
—US focus group participant

- “The other day I was in Cologne for a job interview, and it was easier to just talk into the cell phone and ask where to go instead of looking at street names.”

—German focus group participant

Figure 8. More than four in five users are satisfied with their voice assistant experience for purchase-related activities

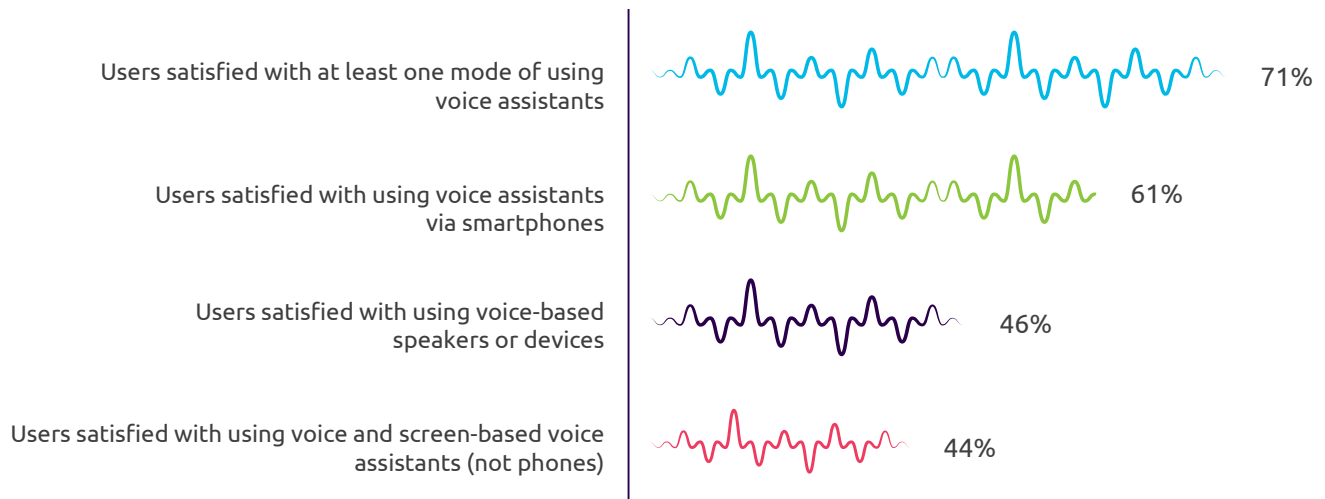
Level of satisfaction for users who use the following activities regularly or a few times



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 2,558 users in the US, UK, France, and Germany.

Smartphones lead in user satisfaction for use of voice assistants

User satisfaction with voice assistants



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 2,558 users in the US, UK, France, and Germany.



Consumers like the convenience, speed, and the ability to multi-task

Convenience (52%) and ability to do things hands free (48%) are the two biggest reasons for preferring voice assistants over mobile apps/websites (see Figure 9). As we heard during the focus groups:

- “The biggest thing for me about voice assistants is to be able to do what I want to do hands off, like if I am cooking. In such situations I don’t want to touch the phone or the tablet and would just like to use the voice assistant for convenience.”

—US focus group participant

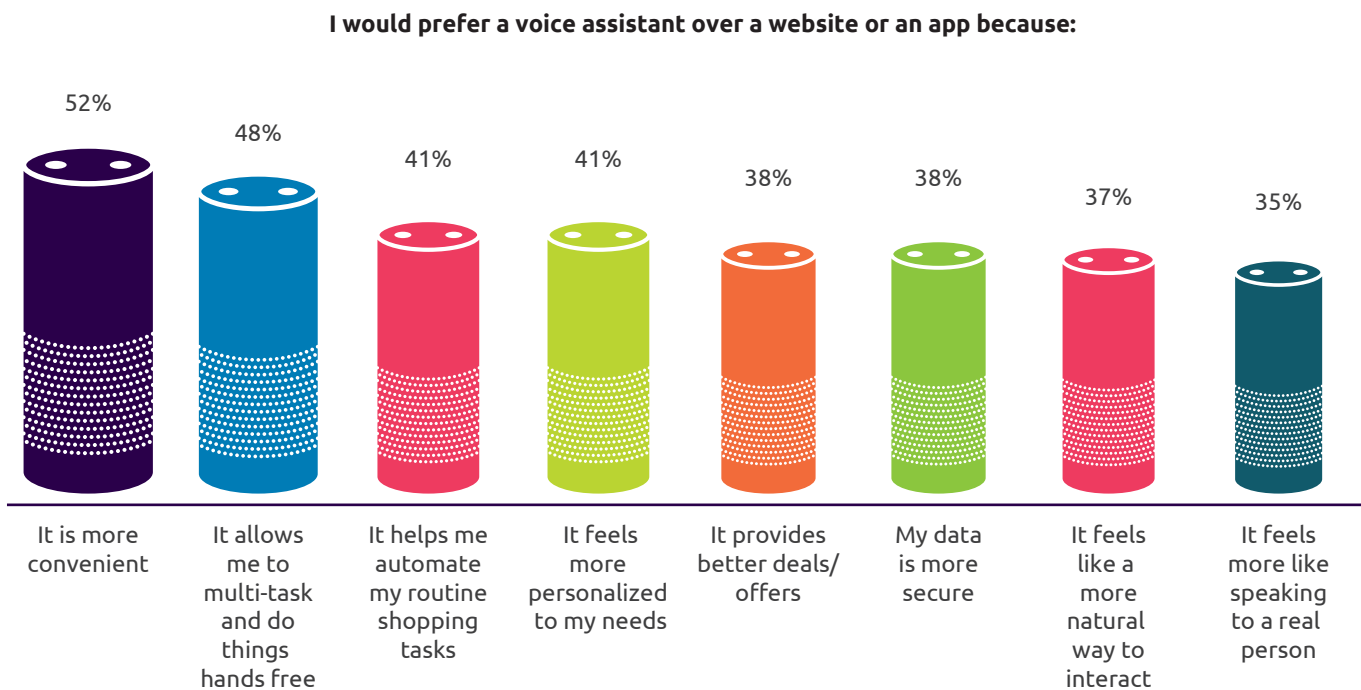
- “With two kids and a life that’s going so fast, I think it would save a lot of time to automate daily chores. For example, during driving, checking maps, or finding a parking space would be much more practical.”

—French focus group participant

41%

Consumers who would prefer a voice assistant over a website or an app because it helps them automate their routine shopping tasks

Figure 9. Convenience and ability to multi-task top the list of reasons for preferring voice assistants over websites and apps



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 5,041 consumers in the US, UK, France, and Germany.

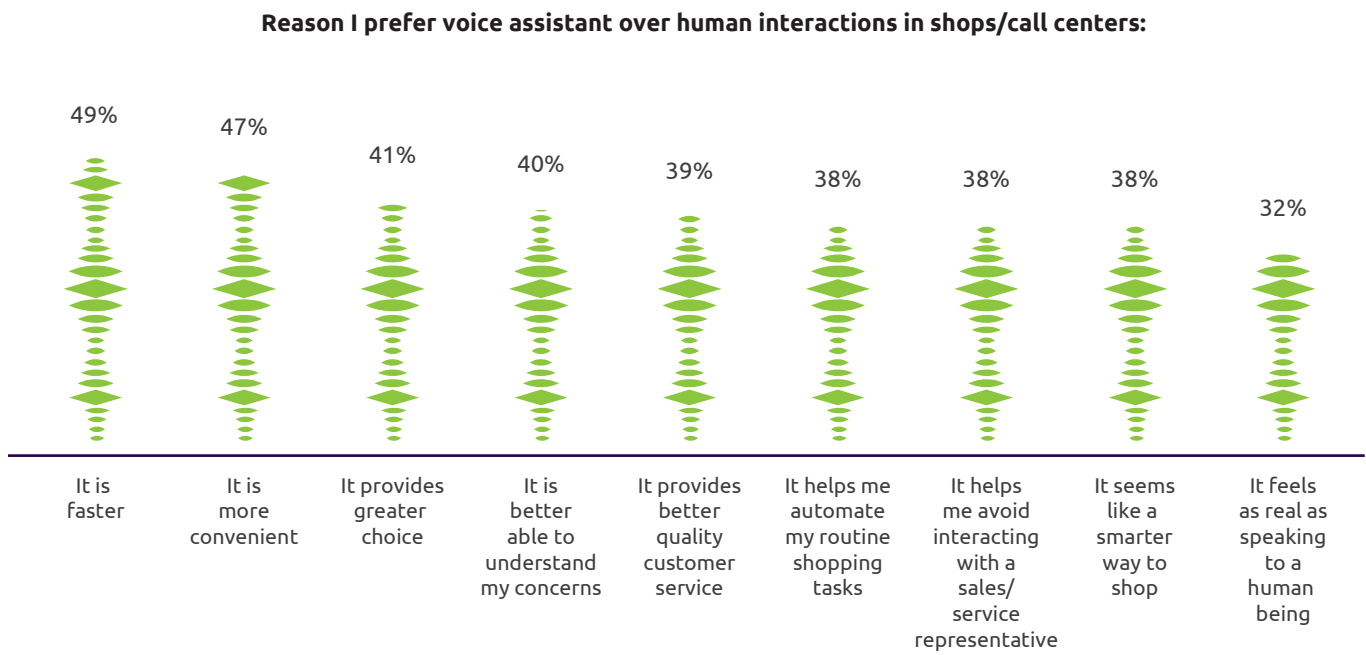
The fact that voice assistants are faster (49%) and more convenient (47%) are the major reasons for preferring them over physical stores (see Figure 10). This was confirmed in the focus groups:

- “I would rather interact with the voice assistant, especially while making purchase orders. It would just make it more accurate, because with humans, they could write it down wrong or get the quantity incorrect or other factors.”
—US focus group participant
- A UK consumer outlining the convenience advantages for repeat purchases said: “When I am ordering my usual coffee at Starbucks, I would rather go with a voice assistant. It saves time and effort on my part. But if I am going to the bank, I would like a person to help me, because there could be greater complexity.”

49%

Consumers who would prefer voice assistants over human interactions in shops/call centers because it is faster

Figure 10. Speed and convenience top the list of reasons for preferring voice assistants over human interactions



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 5,041 consumers in the US, UK, France, and Germany.

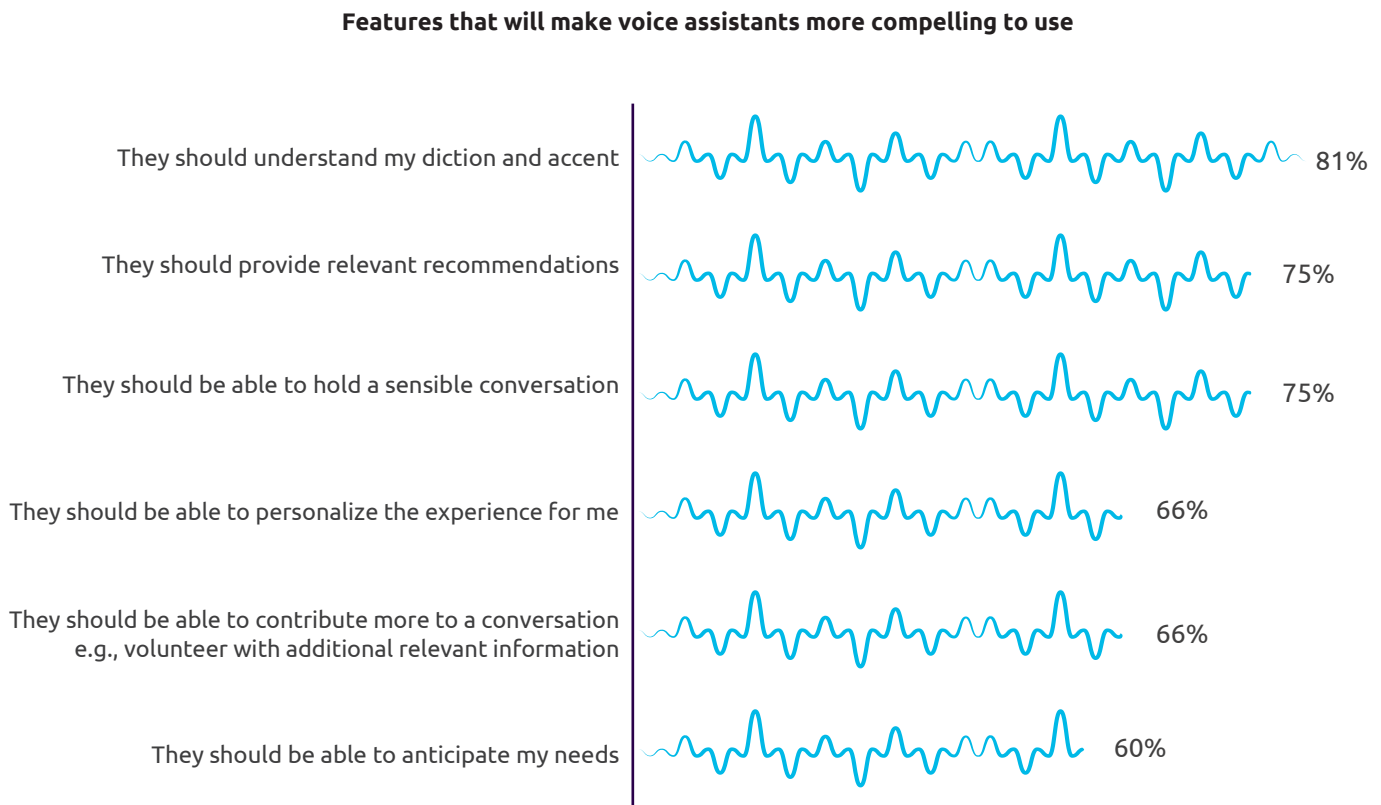
Voice assistants' understanding of context is very compelling to users

In human interaction, context plays a crucial role. As voice assistants start to imitate human discourse, we as consumers will expect them not just to understand the subject, but recognize and respond to our social setting. As a UK focus group consumer said: "It depends on the context. I would be happy to use voice assistants for retail because they wouldn't try to hard sell (or I hope they wouldn't). But I would much rather have a human contact for something like a pharmacy." More than two-thirds of users would prefer voice assistants to have features that display an understanding of context, such as understanding different accents and providing relevant recommendations that are personalized to the specific user (see Figure 11).

81%

Consumers believe voice assistants' understanding of diction and accent would be the most compelling feature

Figure 11. More than two-third of users value voice assistants' understanding of their context

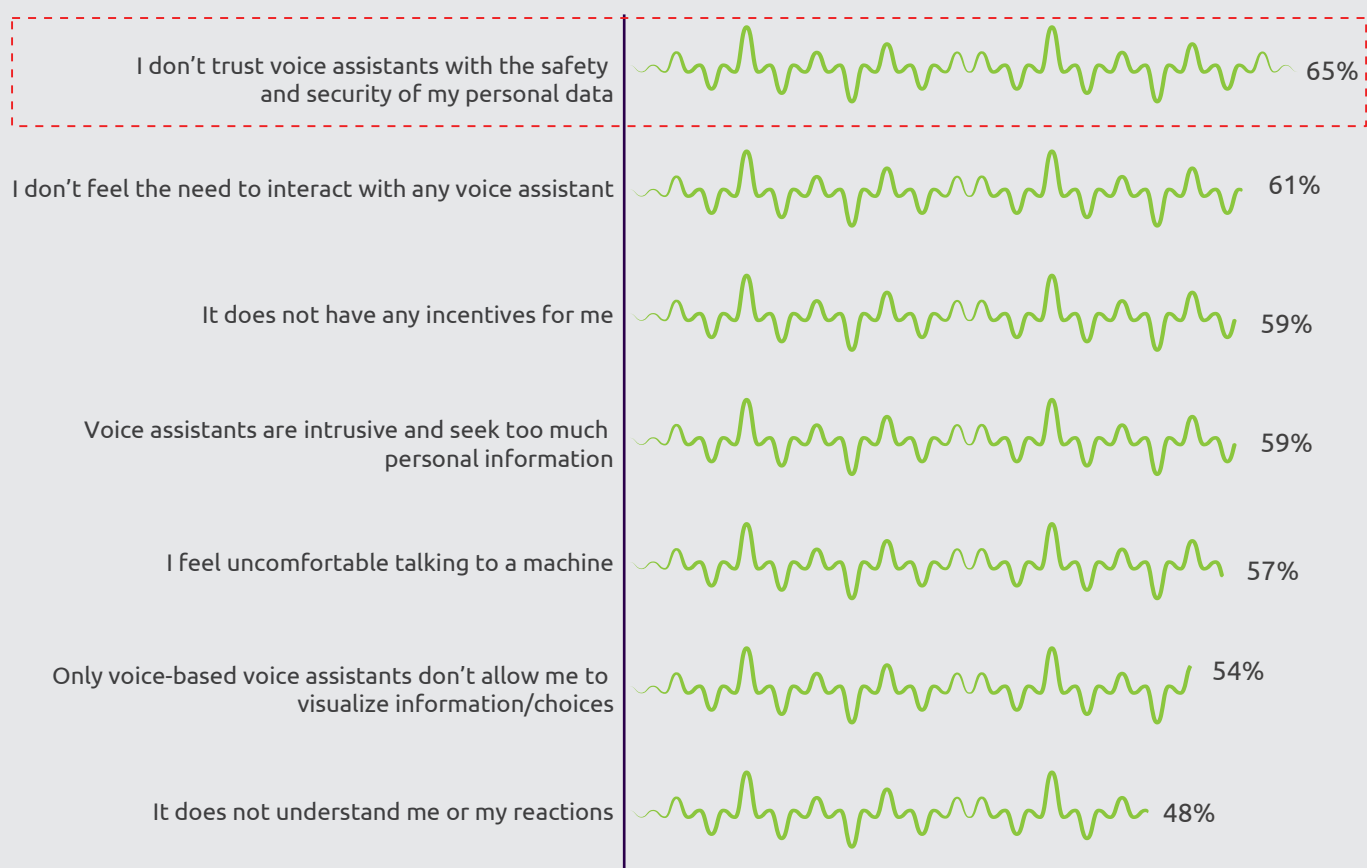


Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 2,558 users in the US, UK, France, and Germany.

What hinders non-users from adopting voice assistants?

Non-users have some apprehension about voice assistants, with safety and security of personal data being the top concern.

Figure 12. Top concerns for the use of voice assistants among non-users



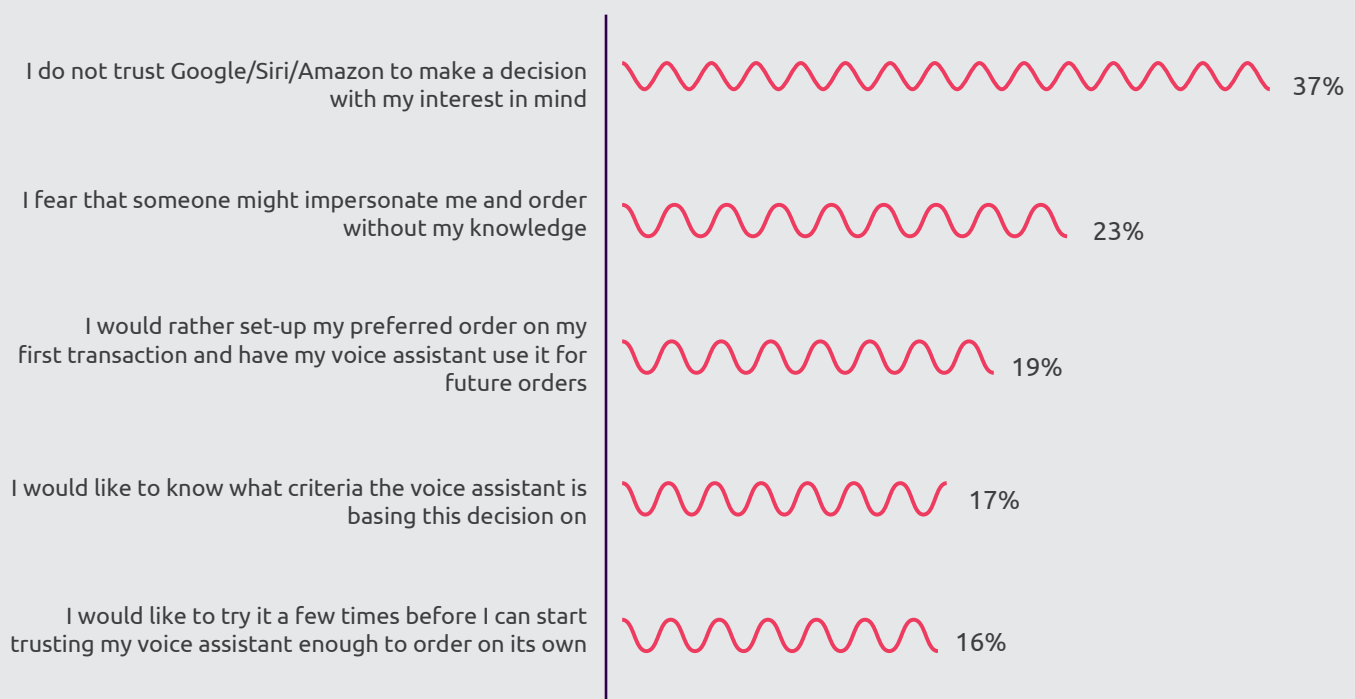
Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 2,483 non-users in the US, UK, France, and Germany, ranked by difference between three years from now and today.

In our survey, we also asked respondents if they would be willing to trust voice assistants to make a pizza purchase decision (selection, order, and payment) on their behalf. We found that 74% of non-users were skeptical about this idea, as compared to 41% of users. Consumers lacked trust that these technologies would make a decision that was in the users' interests.

Some of the concerns we heard from our survey participants were:

- "I prefer to indicate my choices to a human being myself, especially since my preferences can change daily."
- "I would not use a voice assistant as I feel it would take over one's life. I am perfectly capable of doing things for myself and would not want a machine to do things for me."
- "I am worried about the disclosure of my data, and I would like to be assured by the company that my data will not be disclosed to someone."

Figure 13. Reasons why non-users disapprove of voice assistants making purchase decisions for them



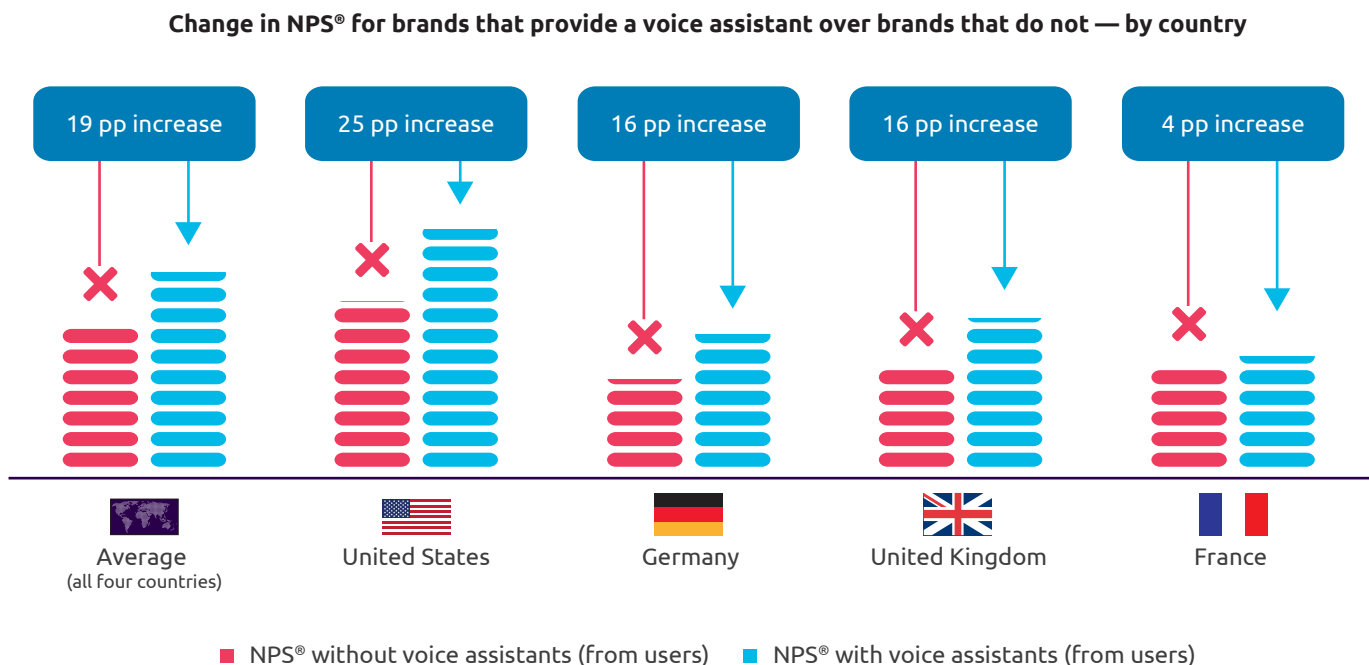
Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 1,840 non-users who disapprove in the US, UK, France, and Germany.

Conversational Commerce yields concrete benefits for retailers and brands

Providing voice assistants can significantly improve brands' Net Promoter Scores (NPS®)ⁱ. Among users, the NPS® of a brand would improve by nineteen percentage points when it provides a personal voice assistant globally (see Figure 14). This improvement is particularly pronounced in the US, where the NPS® would improve by twenty-five percentage points for a brand which offers a voice assistant. This is a real opportunity for brands to drive customer satisfaction among voice assistant users.

25 points
NPS® advantage among voice assistant users for a brand in US that provides a voice assistant to consumers vis-a-vis a brand that doesn't

Figure 14. Providing a voice assistant to consumers elevates a brand's NPS® by nearly 20 points for voice assistant users



pp = percentage points

We asked the respondents the standard NPS® question on how likely are they to recommend a company to a friend or colleague, in two scenarios: 1. The company provides a personal voice assistant, and 2. The company doesn't provide a personal voice assistant.

Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 2,558 users in the US, UK, France and Germany.

ⁱNet Promoter, NPS®, and the NPS®-related emoticons are registered service marks, and Net Promoter Score and Net Promoter System are service marks, of Bain & Company, Inc., Satmetrix Systems, Inc. and Fred Reichheld

Organizations providing good voice assistant experiences will generate more business and positive word-of-mouth

Users of voice assistants give organizations with a strong voice assistant experience more business and positive

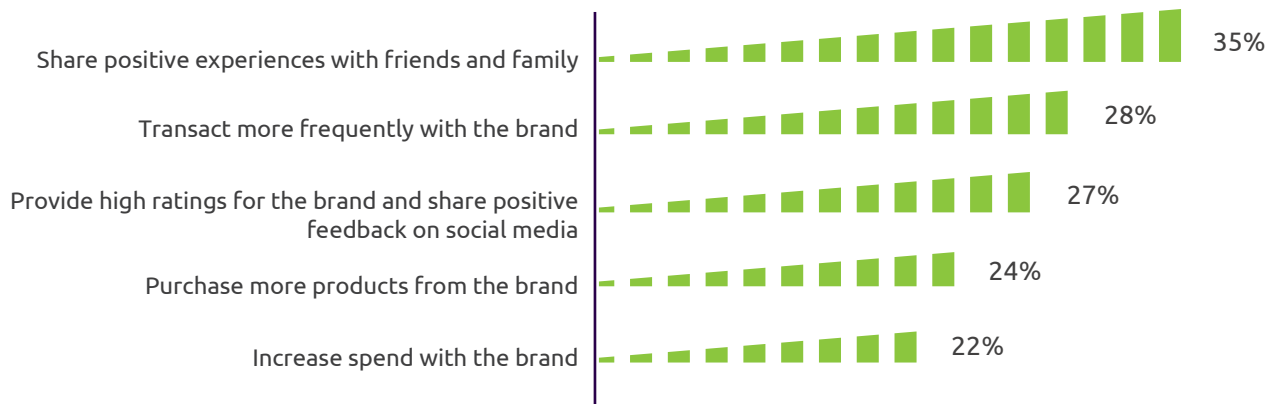
word-of-mouth. Non-users are expected to do the same (see Figure 15).

Figure 15. Users of voice assistants have rewarded organizations providing good voice assistant experience; non-users will follow suit



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 2,558 users in the US, UK, France, and Germany.

On having a good experience with a personal voice assistant, a non-user of voice assistants would:



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 2,483 non-users in the US, UK, France, and Germany.

16%

Amount of increase in spending on consumer products and retail by NPS® promoters of a brand upon receiving a better experience with voice assistants

Retailers and brands that provide a good voice assistant experience will secure bigger consumer spend

In return for receiving a good voice assistant experience, consumers are willing to increase their spending with a brand by 5% on average. When we look at two segments—consumer products and retail, and services—we find that:

- On average, those users who are using voice assistants today will increase their spending by 8% for both segments.
- Those overall consumers who are classed as “promoters” for NPS® purposes have a significantly higher propensity to increase their spend—16% for consumer products and retail, and 15% for services.

Figure 16. Users of voice assistants will reward organizations with increased spending for receiving a better experience with voice assistants



Percentages indicate the amount that respondents are willing to increase, on average, upon receiving a good experience with a personal voice assistant.

Question to users: Have you done the following on having a good experience with a voice assistant? Increased your spend with the brand. **Question to non-users:** What are you most likely to do if you have a good experience with a personal voice assistant? To both users and non-users, answering the above question positively, the follow up question asked was: How much more will you be willing to spend for receiving a better experience with voice assistants?

Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 5,041 consumers in the US, UK, France, and Germany.

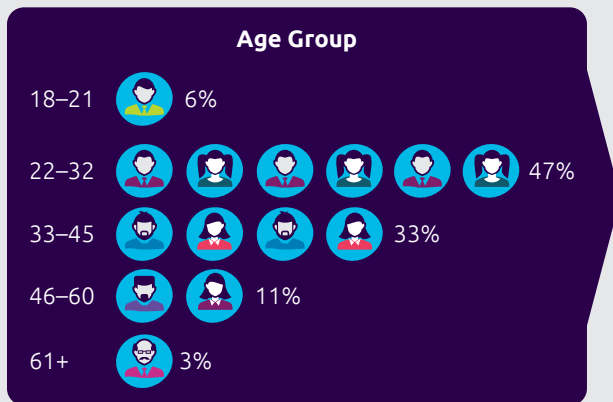
Conversational Commerce Spenders Decoded

Who are the spenders?

We have defined spenders as those users who have:

- Regularly used voice assistants for any of the following activities:
 - buying products (groceries/home care/clothes)

- ordering meals
- making payments/money transfers
- booking an Uber/cab.
- Spent a positive amount of money via voice assistants



• Two-thirds of this group is based out of urban areas (66%)



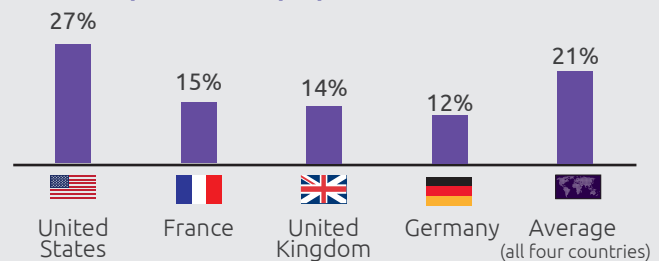
• More than two-thirds of the group are experts on technology, with friends and family reaching out to them for advice (69%)



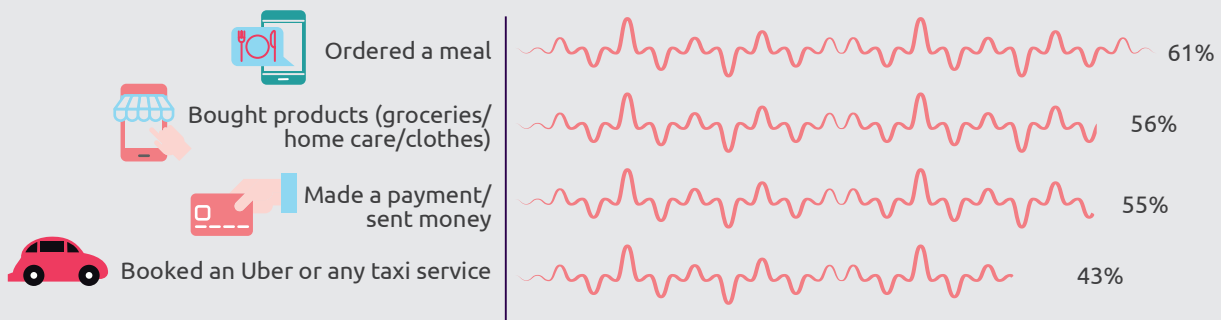
8 out of 10 prefer to use the voice assistants in

- Living room (88%) and
- On the go (e.g., in car, while biking, on the train) (85%)

Spenders as a proportion of users



Almost a majority of spenders have regularly done the following activities



89% of these would like the voice assistants to

- Be able to interpret photos, bar codes, QR scans, etc. to fetch relevant information
- Understand their diction and accent, provide fast, accurate replies and relevant recommendations



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 543 spenders who are users, have used voice assistants regularly for commerce, and have spent positive amounts via voice assistants; in the US, UK, France, and Germany.

Organizations that focus on priority consumer segments will derive maximum value

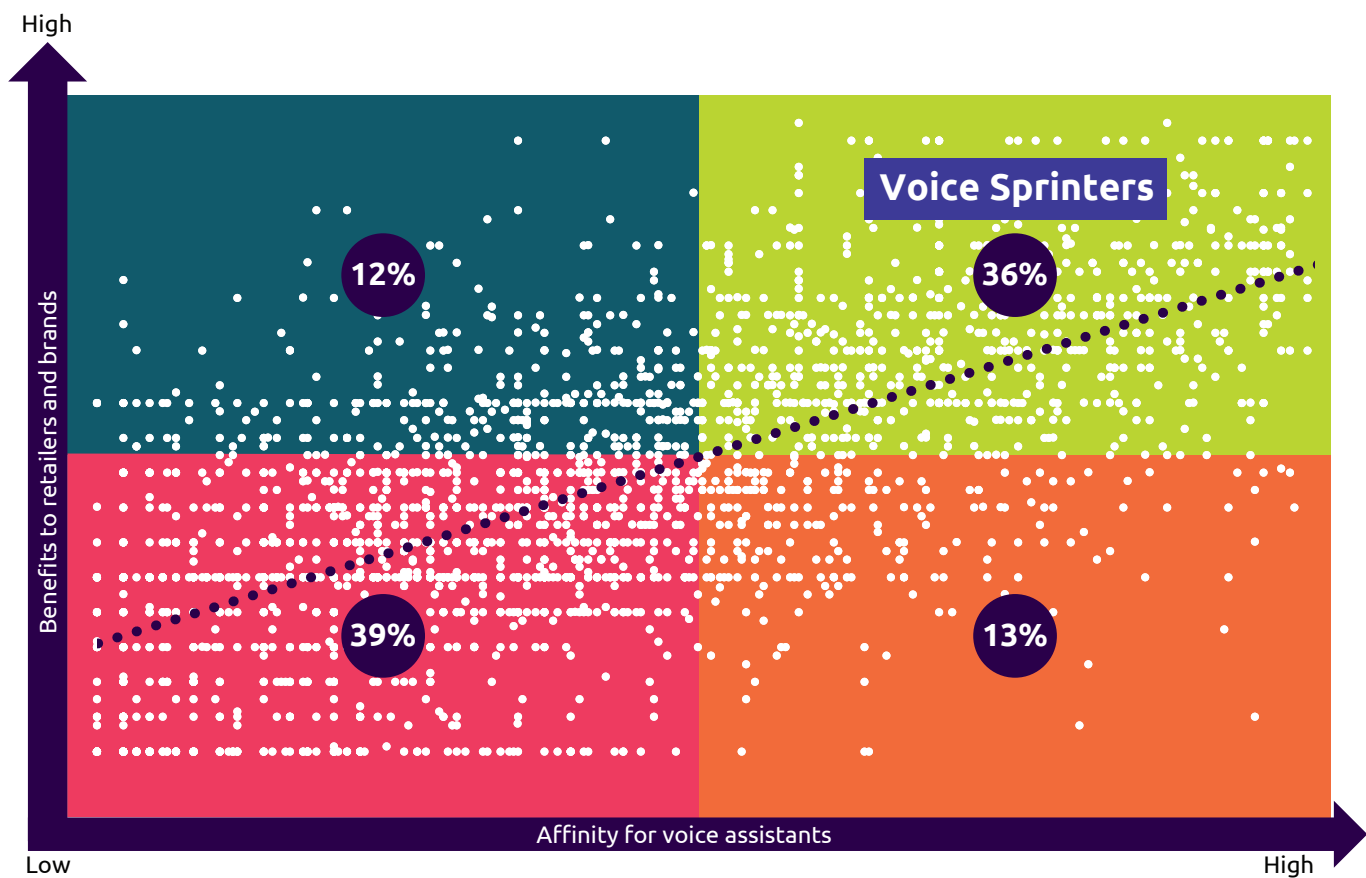
As we saw earlier, consumers are using voice assistants for a variety of tasks. Retailers and brands can derive the maximum value by targeting those users who prefer voice assistants for purchases of products (e.g., groceries/home care/clothes) or services (such as booking a cab or making a payment/sending money or ordering meals). To identify the characteristics of this target group, we looked at the following:

1. Affinity for voice assistants—which includes preference for voice assistants over websites/mobile apps/physical stores and various tasks for which the consumer is currently using voice assistants and the frequency of use

2. Benefits to retailers and brands—the proportion of the users' current spends via voice assistants as well as the NPS® scores.

The segment that provides the highest benefits to retailers and brands—the Voice Sprinters—is more than one-third (36%) of our user base (see Figure 17).

Figure 17. Users with a high affinity for voice assistants also drive higher benefits to retailers and brands



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 2,558 users in the US, UK, France, and Germany.

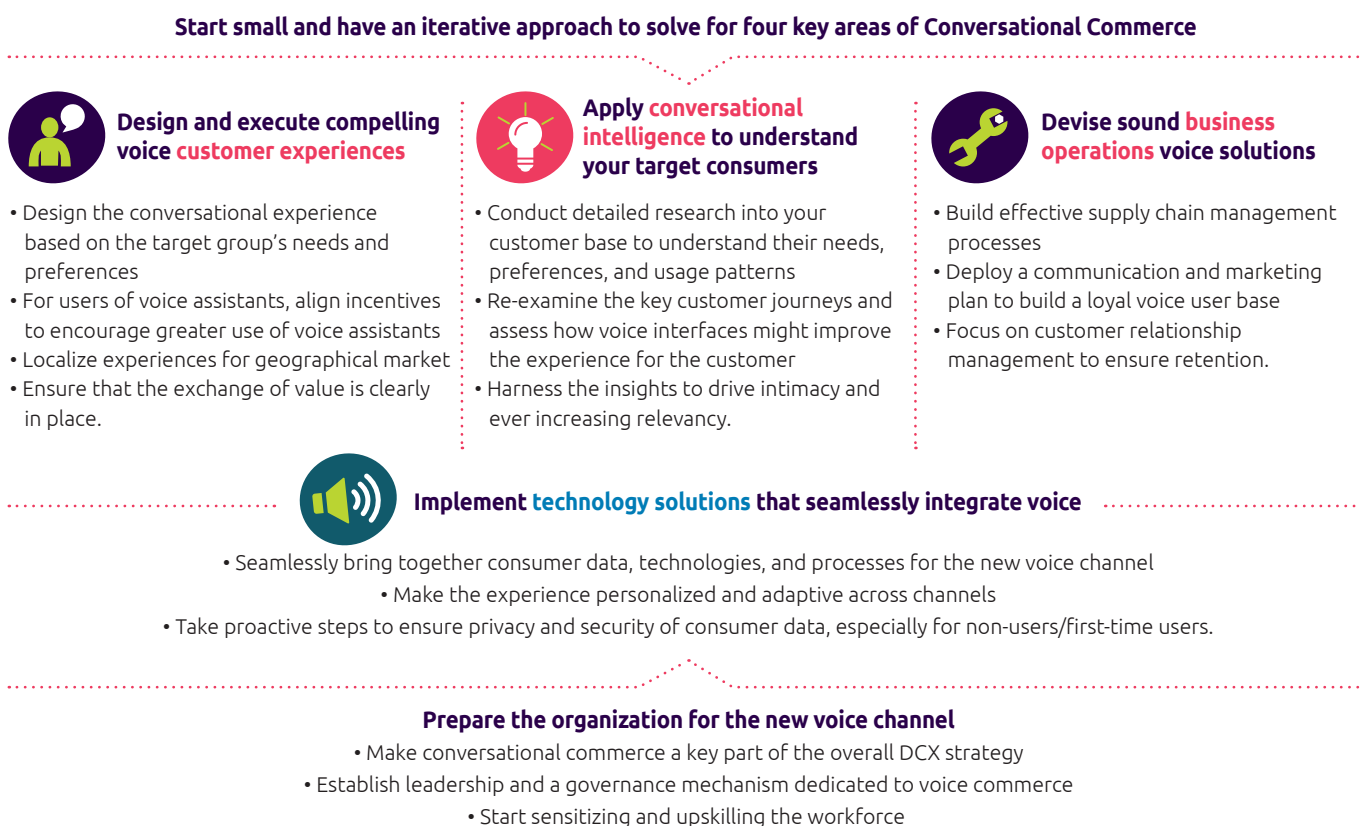
How can retailers and brands devise a sound Conversational Commerce strategy?

Organizations need to focus on four key areas for Conversational Commerce

From our experience working with global clients on devising and implementing Digital Customer Experience (DCX) strategy and our recent development of a Conversational Commerce framework, we believe that delivering a successful Conversational Commerce strategy requires effort in four

key areas (see Figure 18). While organizations start to build and integrate these solutions, it is key that they start small and take an iterative, test and learn approach to implement a successful voice commerce strategy.

Figure 18. Four key areas of focus for building a robust Conversational Commerce strategy



Source: Capgemini Digital Transformation Institute Analysis.

Design and execute compelling voice customer experiences

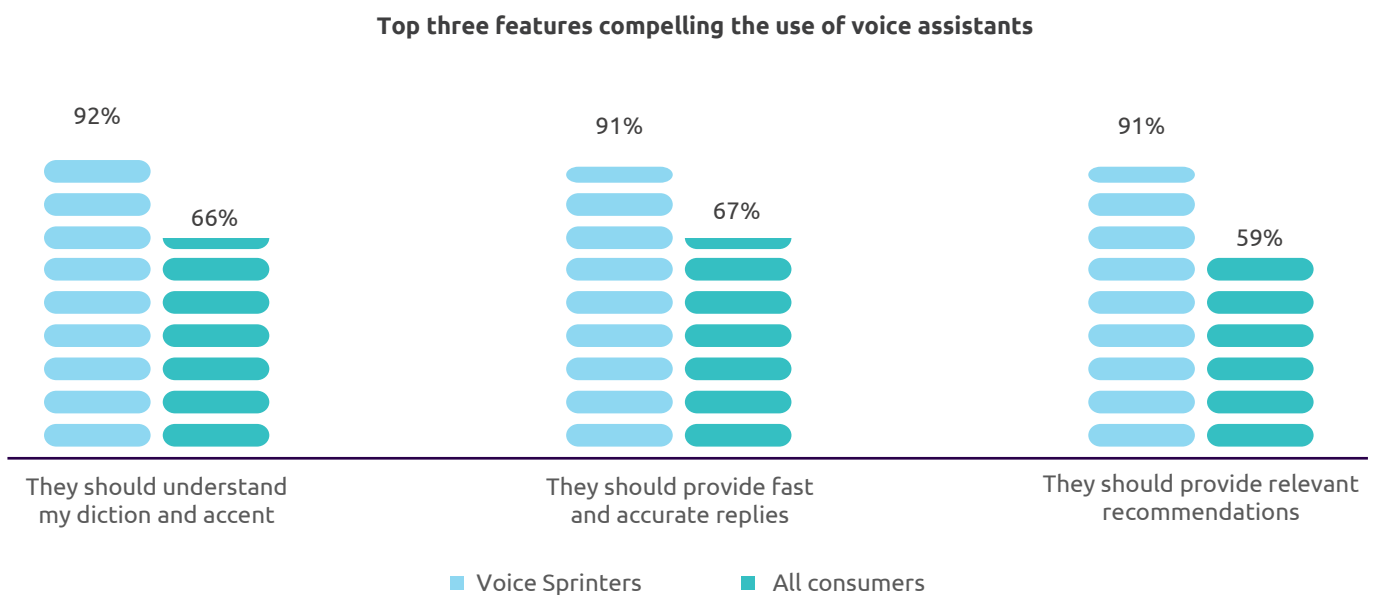
In our recently published loyalty research, we found that emotions have the strongest impact on loyalty and the ability to connect on a human level is what drives long-term customer engagement and ultimately loyalty.²¹ Conversational interfaces present brands with a unique opportunity to act like people and create an emotional connection with their consumer through voice channels, thus enhancing the customer experience.²² Executing a compelling customer experience strategy demands the need for having a view to customers' expectations. Depending on the segments that brands choose to target, it is imperative that they look at the target segments' needs and build customer experiences accordingly.

A study conducted by Cornell University found that people's perceptions of a "machine-generated voice" are influenced by its human-like traits. Speech functionality was deemed to be especially critical for conversational agents, as it had an impact on how natural the conversation was perceived to be, by the user.²³ The majority (66%) of respondents in our survey said that they would feel compelled to use voice assistants if they are able to understand the respondents' diction and accent. This sentiment was echoed during our focus group discussion

as well. As one UK participant put it: "My apprehension is that it doesn't always understand me perfectly—it doesn't understand my speech." It is thus critical for organizations to localize the content for different geographical markets, which could help increase adoption.

Organizations must also ensure that the interaction offered by the voice experience is sympathetic to context, fast, accurate, and relevant (see Figure 19). The experience design must also remove hindrances that keep potential users from becoming users of Conversational Commerce. As Karim Lourci, COO of Smartly.ai, said: "Something that is particular to voice assistance is that it's enabled new segments to use technology. For example, older individuals who are not familiar with digital and technology can easily use voice assistance. The customer expects a natural experience." While removing hindrances, organizations must deliver tangible value to consumers for using voice assistants. One of our previous researches found that consumers would be more inclined to share their data with services that provide them higher value and more tangible benefits.²⁴

Figure 19. Consider leveraging top features of voice assistants that would compel consumers to use them more



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 5,041 consumers in the US, UK, France, and Germany.

Apply conversational intelligence to understand your target consumers

Brands that are currently on digital channels have access to information on consumers' likes and dislikes.

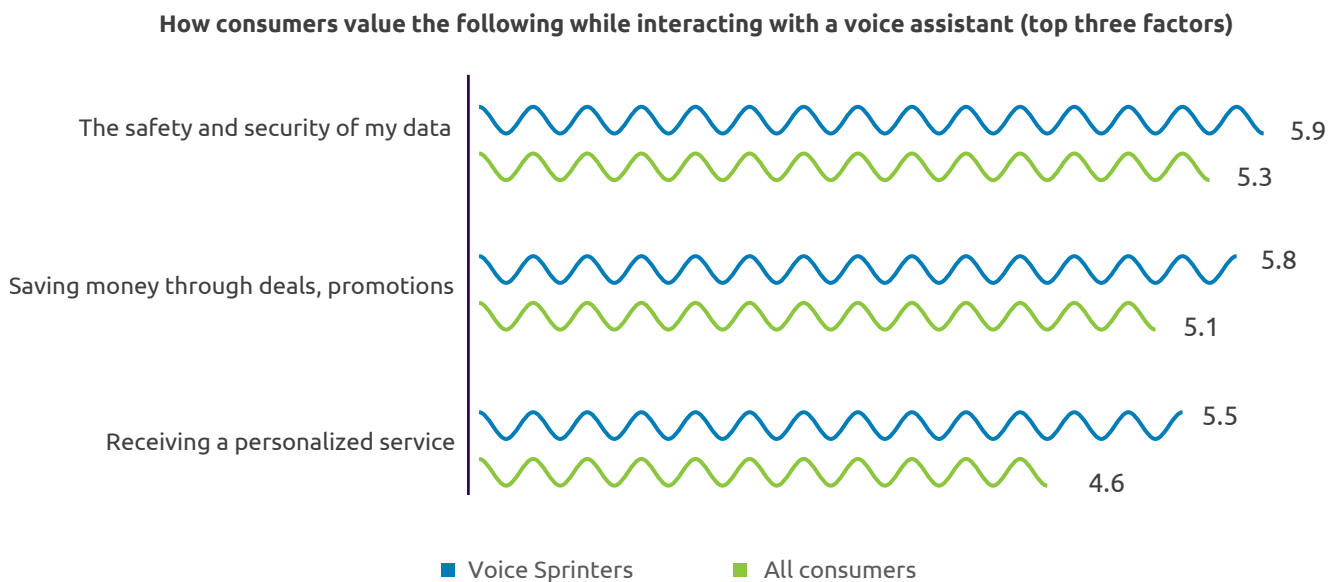
This access to information is amplified in Conversational Commerce where brands engage in a dialog with its consumers and have access to shopper data on their needs, preferences, and the context that drives purchase. All of this available information can be converted to usable intelligence and insights through advances in artificial intelligence—natural language processing, cognitive computing, speech and voice recognition, and machine and deep learning.

The key to building a compelling customer experience is to use the derived conversational intelligence to further tailor the

experience for consumer segments that brands would like to target. We suggest focusing on Voice Sprinters—the set of consumers that exhibit both a high affinity for voice and who are more likely to drive higher benefits to brands (i.e., higher customer satisfaction and level of spend via voice assistants).

Once a target segment has been identified, organizations must research the segment to understand needs, preferences, and usage patterns to help design the right conversational experiences. For instance, receiving a personalized service is much more valuable to Voice Sprinters compared to all consumers (see Figure 20).

Figure 20. Ascertain factors that your target consumers value the most



Numbers indicate average score of the group of respondents for each factor on a scale of 1 = the least value to 7 = the highest value.

Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 5,041 consumers in the US, UK, France, and Germany.

49%

Consumers who would like to check delivery status of their orders using voice assistants - the most across all other touch points with brands and retailers

Devise sound business operations voice solutions

The success of Conversational Commerce cannot be seen in isolation but needs to be viewed in collaboration with other channels (brick-and-mortar stores, online stores, apps) and the brands' efforts in omni-channel fulfillment. Organizations need to ensure robust integration of the voice channel with the internal business operations of the organization, supply chain, order management, customer relationship management, and marketing strategy.

Large traditional organizations that have spent years in selling products and services through physical stores and/or branches are faced with steady but less agile supply chains.²⁵ However, Marc Lore, CEO of Walmart's US e-commerce business, views these as an asset rather than a liability in a future of voice activated commerce.²⁶ Doubling the stores as distribution centers and building on last-mile delivery systems for orders placed through voice channels is a capability brands and retailers need to invest in. On-time delivery and effective supply chain and order management will be critical for the success of its voice channel.

In our survey, 61% of non-users do not feel the need to interact with any voice assistant. This displays a clear gap in awareness of the potential of voice assistants and may require a persuasive marketing campaign to build a convincing case for taking up Conversational Commerce. Brands should invest in communicating to all consumers on the benefits of using voice assistants as a preferred mode of communication. Nearly half (49%) of our survey respondents would like to use voice assistants while checking delivery status while only one-third (35%) would like to use it for making a purchase (see Figure 21). Targeted marketing for these touch points along with greater awareness around purchase and transaction-related functionalities could boost the adoption of voice assistants.

Figure 21. Build communication and marketing strategy based on preferred consumer touch points and brand voice offerings

Touch points in the customer journey where consumers would like to interact with voice assistants



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 5,041 consumers in the US, UK, France, and Germany.

Implement technology solutions that seamlessly integrate the voice assistant experience

Technological advances in the field of artificial intelligence are making hyper-personalized customer experiences a reality through Conversational Commerce. Organizations need to tap into this potential and implement an “Experience Engine” that seamlessly brings together technologies, channels, processes, and consumer data. Retailers and brands are following multiple approaches to launch voice ordering capabilities.

Retailers like Walmart and Target have partnered with Google to launch voice ordering via Google Home. Peapod, an online grocery delivery service, added a voice-activated Alexa Skill and launched a platform which allows consumers to type and/or speak to build their shopping carts.²⁷ Moreover, Artificial Intelligence (AI) technology also has a role to play in bringing all the channels together for the brand, whether the consumer accesses the brand through chatbots on messaging platforms, through voice assistants, through apps or websites, or through physical stores. Staples is addressing this challenge by using IBM’s Watson AI technology for bringing its various channels together through the Staples Easy System platform.²⁸

As Karim Lourci suggests: “Technical constraints for implementing voice assistants have to be addressed very early by brands if they want to propose something useful and create a new experience for the customer.”

How voice assistants are going to be perceived by consumers is also deeply linked to the use of technology for personalisation

without crossing the lines of privacy. As we heard in our interview with an executive of Nissan Motor Co., Ltd earlier: “The trust that your customers have in you entirely drives the brand reputation of organizations. Privacy needs to be as defined by the customer, not the company. And it has to be protected at all costs.”²⁹

Brands need to take proactive steps to ensure privacy and ensure security of consumer data. Over half (56%) of all respondents in our survey did not trust voice assistants with the safety and security of their personal data. Nearly half (48%) of the respondents felt that voice assistants are intrusive and seek too much personal information. Organizations need to alleviate these concerns by designing robust and transparent privacy policies. Consumers are willing to listen to what brands have to offer and also trade some of their privacy in exchange for incentives, as we heard from one of our consumers in the UK focus group: “What would alleviate my concerns would be if there were some sort of agreement reached by all companies that in case there’s a hack, all our data is secured. In terms of benefits, because brands are using our data, perhaps it will be fair to give us certain incentives, gift cards, vouchers, etc.”

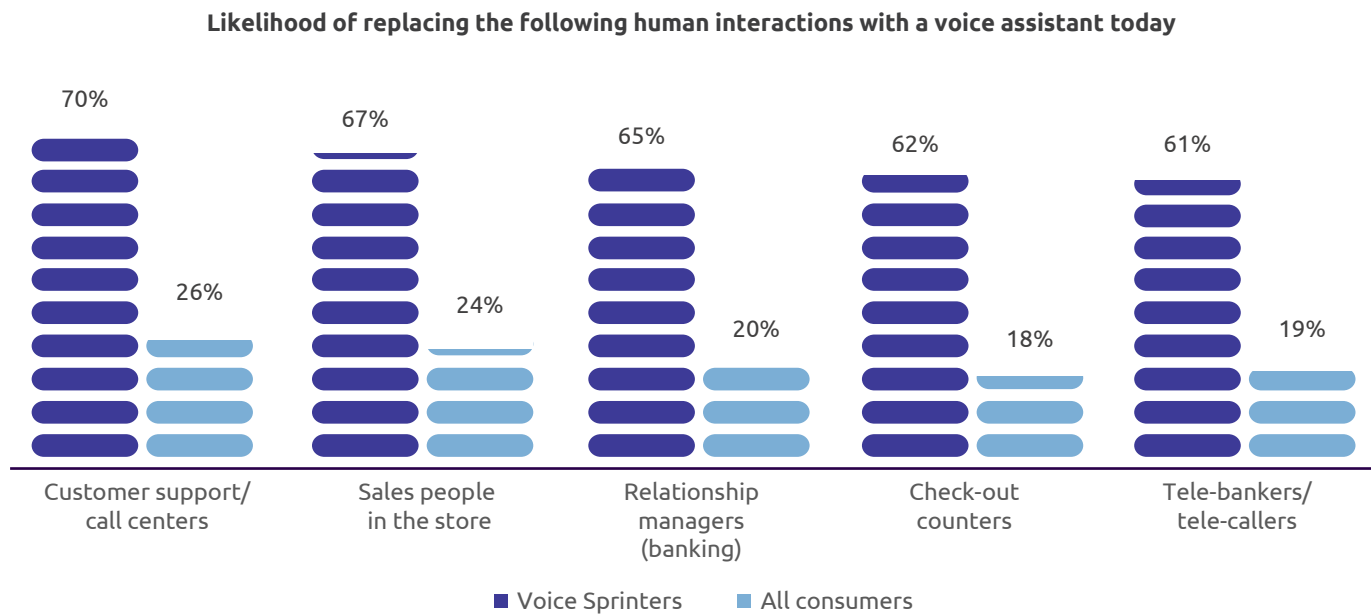
Prepare the organization for the new voice channel

While organizations prepare for the new voice channel, it is critical that they be able to sustain, scale up, and mature in the platform. For this, Conversational Commerce needs to be a key part of the overall DCX strategy. Organizations that view Conversational Commerce as just another innovation project or underestimate its transformative nature stand to lose out on a huge opportunity.

Organizations need to also rethink their governance and accountability to ensure that the right leadership is positioned to take the voice strategy forward. In addition, organizations must create a governance mechanism where progress is reviewed against a prioritized and defined roadmap.

The top leadership will be responsible to orient the organization to prepare for change, as consumers are likely to replace current human interactions at retailers and brands with voice assistants. Preferences could differ significantly by target consumer group, indicating where change efforts should be focused. For instance, Voice Sprinters are much more likely to welcome voice replacing human interactions at call centers or in physical stores (see Figure 22). While investing in talent that has the skills to work on voice platforms, organizations must also start upskilling teams within the workforce that are currently undertaking the routine tasks that will be lost or reduced as a result of the transition to voice assistants.

Figure 22. Voice Sprinters are highly in favor of replacing human interactions with voice assistants



Source: Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 5,041 consumers in the US, UK, France, and Germany.

Bringing in such newer forms of interaction channels and associated technologies requires a change in the mindset of the leadership as well as the organization. It requires that organizations have a digital culture which is innovative, flexible and agile, thinks digital-first, collaborates well across functions, is open to the external ecosystem, and has a

practice of data-driven decision-making. Our earlier research on digital culture found that only 34% of the organizations surveyed were digital culture leaders.³⁰ Incumbents focusing on the voice channel must make an early start to orient their organization towards a digital mindset.

70%
Share of Voice Sprinters who would like to replace their human interactions with customer support/call centers with voice assistants

Conclusion

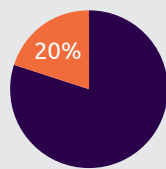
Conversational Commerce represents a significant opportunity for brands and retailers to interact with their consumers in new and innovative ways. Rapid technological advances, coupled with increasing consumer appetite for voice devices, is driving investment and innovation. Brands must harness this interaction opportunity to build relationships of value with consumers across the lifecycle and offer an entirely new, more instinctive way for consumers to engage with them.

Research Methodology

For this research, we surveyed over 5,000 consumers in the US, the UK, France, and Germany. The quantitative research was complemented with four virtual focus group discussions, with eight to ten consumers per focus group, for each of the

surveyed countries. The survey, as well as the focus group discussions, had a healthy mix of demographics and user and non-user respondents.

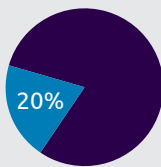
Country



France



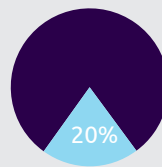
N = 1,007



Germany



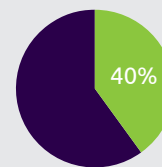
N = 1,010



United Kingdom



N = 1,003

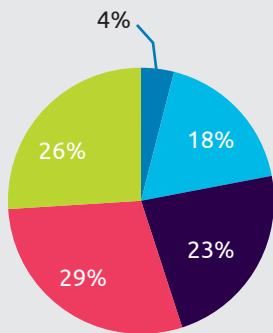


United States

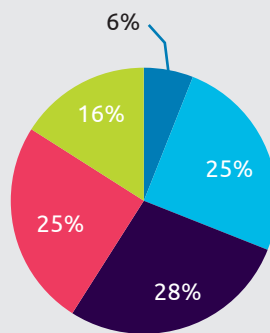


N = 2,021

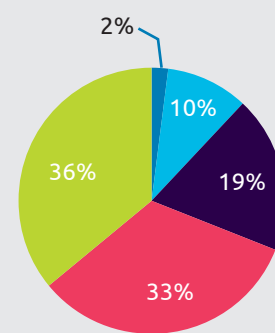
Age



All consumers
N = 5,041



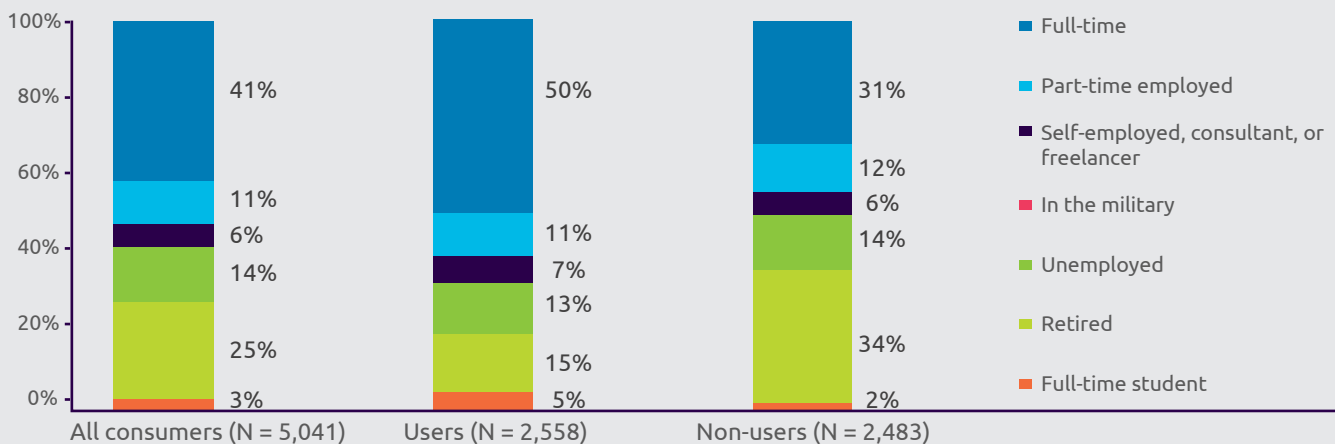
Users
N = 2,558



Non-users
N = 2,483

■ 18-21 ■ 22-32 ■ 33-45 ■ 46-60 ■ 61+

Employment Status



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The Digital Transformation Institute



The Digital Transformation Institute is Capgemini's in-house think-tank on all things digital. The Institute publishes research on the impact of digital technologies on large traditional businesses. The team draws on the worldwide network of Capgemini experts and works closely with academic and technology partners. The Institute has dedicated research centers in the United Kingdom, India, and the United States.

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Conversational Commerce at Capgemini

How to deliver business value through voice

To realize the full potential of being a leader in conversational commerce and building the resulting trust-based relationships

with consumers who are early adopters, more than tactical investments in technologies are needed.



Capgemini Conversational Commerce Business Capability Model

How can Capgemini help?

Capgemini recognizes the value of Conversational Commerce in driving deeper, more human connections at scale. It has the potential to drive a different level of relationship, engagement, and brand affiliation. Rather than being a threat to existing operating models, Conversational Commerce is an opportunity to create a new value for consumer-centric industries.

We help our clients by blending together end-to-end capabilities on Conversational Commerce, with an approach that demonstrates value, starts small, scales the capability, and into tangible business growth opportunities.

- Our **digital customer experience experts and technologies** will help you find your voice in conversational commerce. Leveraging our Seamless Customer Engagement offering and the Origamo framework for 'Human Loyalty', we will answer strategic questions related to building your brand personality and developing a unique, personalized experience with each of your consumers at a new level of both scale and intimacy. *Key Capgemini expert: Mark Taylor.*
- Our global **insights and data capabilities** bring together leading data technology experts with business and consumer products and retail sector expertise to apply insights via smart analytics to improve conversational business performance. Our leaders specialize in Artificial Intelligence, Machine Learning, Natural Language Processing and Chatbots, Conversational data management and big data platforms to unravel the intelligence from new conversational commerce and shopper data as well as commercial and operational data. *Key Capgemini expert: Kees Jacobs.*

- Our global **consumer products and retail business and technology experts** combine a deep understanding of the consumer products and retail business operations with a broad knowledge of the key industry technologies. We help retailers and consumer product companies to improve their commercial proposition across functions (price, product, place, promotion, content) and consumer touchpoints, to reinvent the role of stores and build supply networks that can meet changing consumer needs through greater speed, agility and efficiency. We work with key technology providers such as Intel, Google, Microsoft, SAP, Salesforce.com and IBM. A selection of our proposition-assets in the consumer goods and retail industries include Seamless Customer Engagement, Smart Digital Store and Consumer Driven Supply Chain. *Key Capgemini expert: Shannon Warner.*
- Our **Applied Innovation capabilities** will help you to immerse yourself in the understanding, experimentation and application of all aspects of emerging conversational technologies, as well as to address the business disruptions confronting you and the industry. We will leverage our global network of Applied Innovation Exchanges, our start-up eco-system collaboration and the groundbreaking innovation capabilities of Fahrenheit 212. We offer a methodic approach to innovation, making innovation a predictable driver of sustainable, profitable growth for our clients' business – in which the focus is broader than the technology, yet to demonstrate business results. *Key Capgemini expert: Frank Wammes.*

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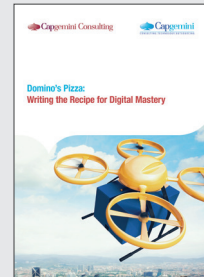
Loyalty Deciphered:
How Emotions Drive
Genuine Engagement



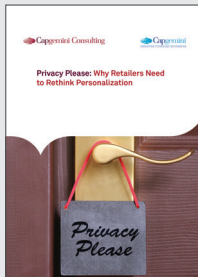
The Disconnected Customer: What
digital customer experience
leaders teach us about
reconnecting with customers



Making the Digital
Connection: Why Physical
Retail Stores Need a Reboot



Domino's Pizza:
Writing the Recipe for
Digital Mastery



Privacy Please: Why
Retailers Need to Rethink
Personalization



Rewired: Crafting a
Compelling Customer
Experience



Digital Transformation
Review 6: Crafting a
Compelling Digital Customer
Experience



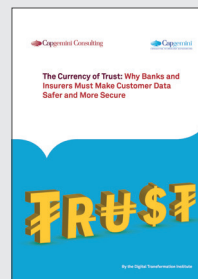
Consumer Insights:
Finding and Guarding the
Treasure Trove



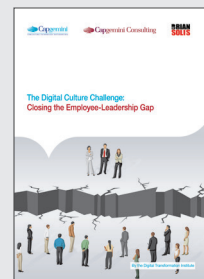
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Wave of Customer
Experience Design



Driving the Data Engine:
How Unilever is Using
Analytics to Accelerate
Customer Understanding



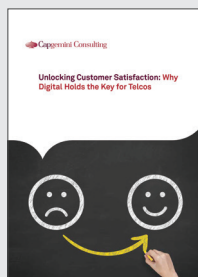
The Currency of Trust: Why
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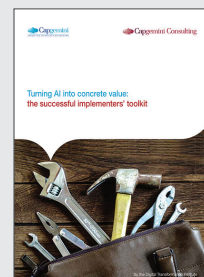
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10: The Digital Culture
Journey: All on Board!



Unlocking Customer
Satisfaction: Why Digital
Holds the Key for Telcos



From UX to CX: Rethinking
the Digital User Experience
as a Collaborative Exchange



Turning AI into concrete
value: the successful
implementers' toolkit

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A global leader in consulting and technology services, Capgemini is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of 200,000 team members in over 40 countries. The Group reported 2016 global revenues of EUR 12.5 billion.

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