

# 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,<sup>1</sup> 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.<sup>2</sup> 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.<sup>3</sup> Google has coupled this effort by adding support to enable Google Home<sup>4</sup> users to place voice-activated orders for select stores.<sup>5</sup>
- 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.<sup>6</sup> Shortly thereafter, Google launched new Google Home devices.<sup>7</sup> These capitalize on Google's search advantage, and tie in multiple Google accounts, to offer users a more synchronized experience.<sup>8</sup> 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.<sup>9</sup> Earlier in 2017, Google added its virtual assistant to Android wear watches.<sup>10</sup>
- 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

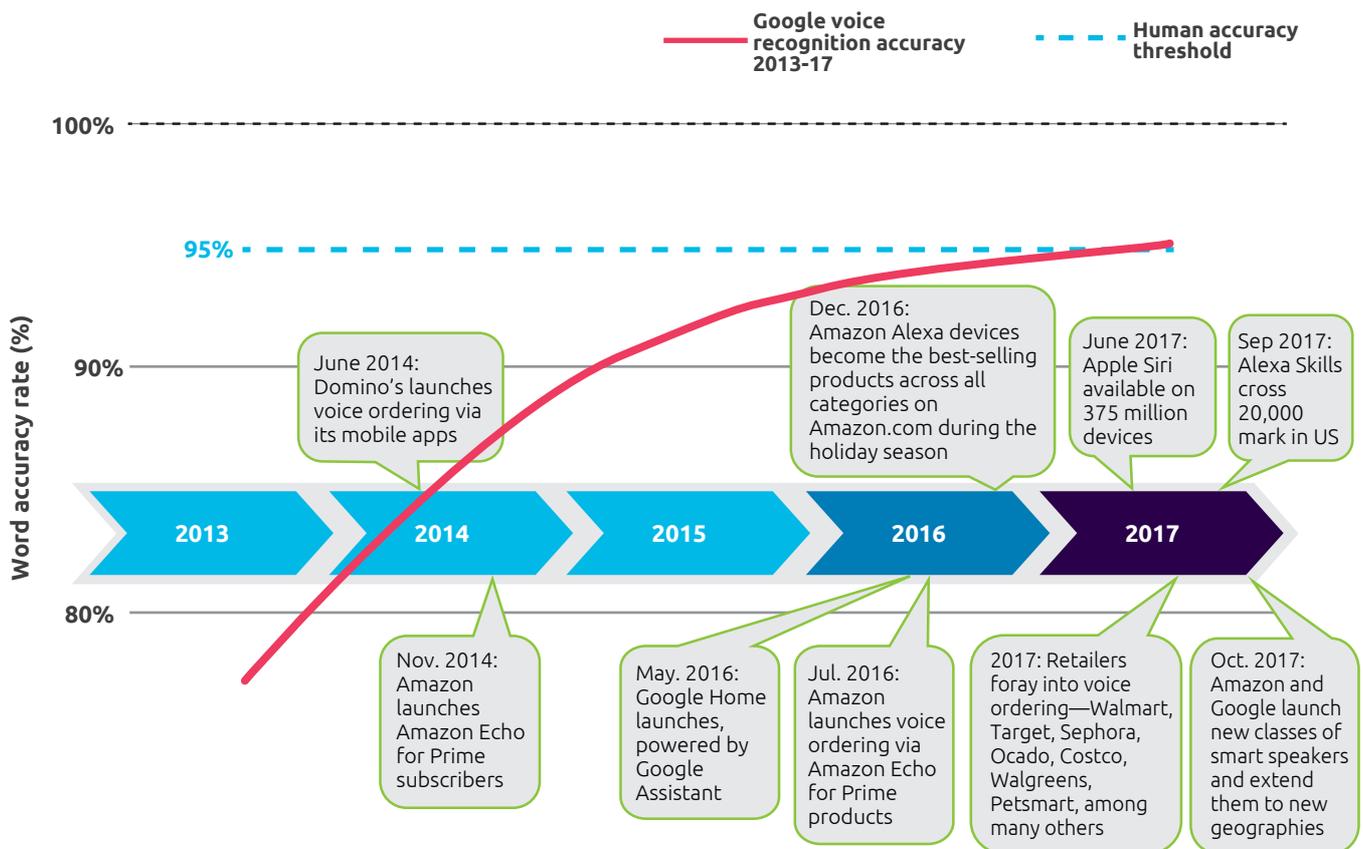
skills,<sup>11</sup> with 40% of them added in just a three-month spell between June and August 2017.<sup>12</sup> Google’s voice recognition accuracy has surpassed human levels. Microsoft’s speech recognition tech matched the accuracy of a group of human transcribers, beating its own previous record.

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**

### Share of consumers who would prefer voice assistants over apps or physical retail stores



**40%**

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

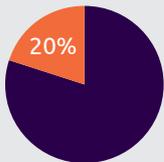
**Source:** Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 5,041 consumers in the US, UK, France, and Germany.

# 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.

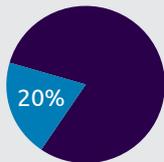
## Country



France



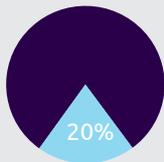
N = 1,007



Germany



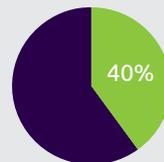
N = 1,010



United Kingdom



N = 1,003

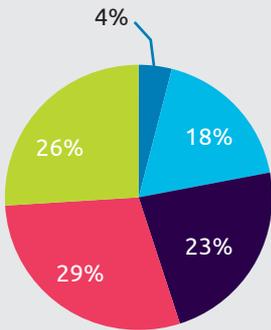


United States

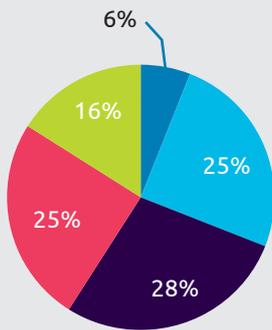


N = 2,021

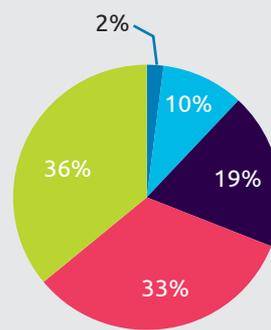
## Age



All consumers  
N = 5,041



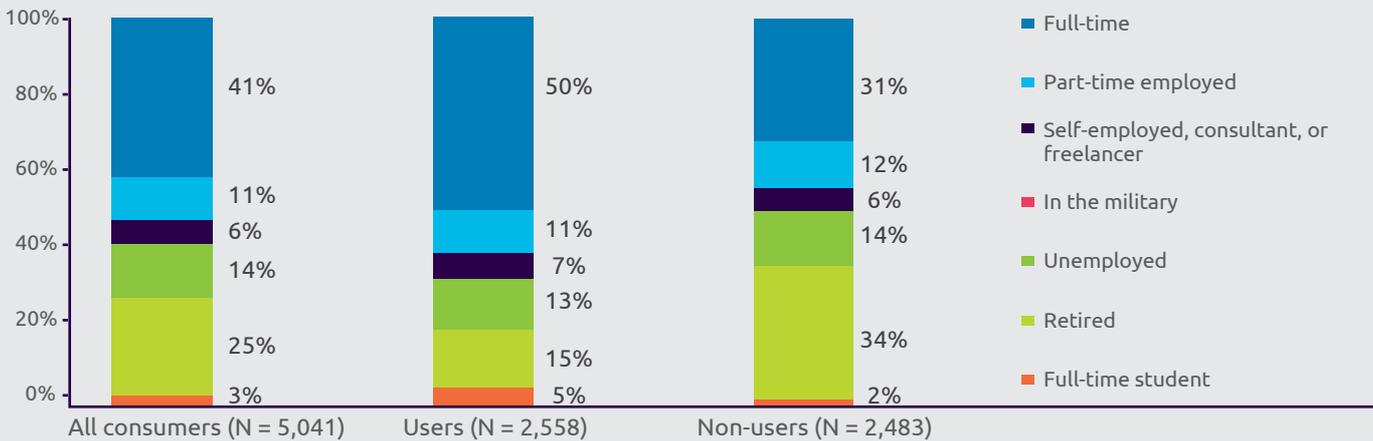
Users  
N = 2,558



Non-users  
N = 2,483

- 18-21
- 22-32
- 33-45
- 46-60
- 61+

## Employment Status



## About the Authors



### Jerome Buvat

Global Head of Research and Head,  
Capgemini Digital Transformation Institute  
[jerome.buvat@capgemini.com](mailto:jerome.buvat@capgemini.com)

Jerome is head of Capgemini's Digital Transformation Institute. He works closely with industry leaders and academics to help organizations understand the nature and impact of digital disruptions.



### Mark Taylor

Executive Vice President, Chief Experience Officer,  
Capgemini DCX Practice  
[mark-paul.taylor@capgemini.com](mailto:mark-paul.taylor@capgemini.com)

Mark is the Chief Experience Officer for Capgemini's Global Digital Customer Experience (DCX) Practice. He has over 25 years of experience designing, developing and delivering transformative solutions informed by data and enabled by technology. Prior to joining Capgemini in 2014, Mark held senior positions in several global agencies.



### Kees Jacobs

Vice-President, Capgemini  
[kees.jacobs@capgemini.com](mailto:kees.jacobs@capgemini.com)

Kees is an industry recognized practitioner with Capgemini's global sector for consumer products and retail, with more than 25 years of experience in these industries. Kees is responsible for Capgemini's strategic relationship with The Consumer Goods Forum and has co-authored many research reports on the consumer products and retail industry.



### Amol Khadikar

Manager, Capgemini Digital Transformation Institute  
[amol.khadikar@capgemini.com](mailto:amol.khadikar@capgemini.com)

Amol is a manager at the Digital Transformation Institute. He keenly follows the role played by mobile, software and data science in digitally transforming organizations.



### Amrita Sengupta

Senior Consultant, Capgemini Digital Transformation Institute  
[amrita.a.sengupta@capgemini.com](mailto:amrita.a.sengupta@capgemini.com)

Amrita is a senior consultant at Capgemini's Digital Transformation Institute. She tracks the patterns of digital disruptions across industries and its impact on businesses.

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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.

[dti.in@capgemini.com](mailto:dti.in@capgemini.com)



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