

How Will Retailers Follow Amazon's Lead into Conversational Commerce?

The idea of speaking a command and having a device respond would have been comedy gold just a few years ago. In fact, trying to navigate out of a phone tree — “say or press one” — has been the basis of any number of TV episodes.

But these days, automated customer service and shopping is much more likely to involve a device. That's why the 2017 holiday season included more automated assistance, through voicebots, chatbots and voice-assisted purchasing.

According to the Walker Sands 2017 “Future of Retail” report, 24 percent of consumers owned a voice-controlled device at the time of the study; another 20 percent planned to purchase one in the next year. One in five had made a voice purchase through Amazon Echo or another digital home assistant, and another 33 percent planned to do so in the next year.

Echo and Google Home are the driving forces behind voice-assisted shopping; nowhere was that more evident than during Prime Day 2017, when the top seller was Echo Dot, a device that houses Amazon's virtual assistant Alexa. There were also specials and discounts available only

through Alexa.

It's all part of an overall strategy to foster more voice-assisted purchases, says Luke Starbuck, vice president of marketing for Linc Global, which offers systems for conversational platforms like Facebook Messenger chat and Amazon Alexa.

“Not only are they trying to drive people to have the devices in their homes, by selling the devices at a discount through Whole Foods, for example, but trying to help people form the habit of purchasing through the devices,” Starbuck says.

“How that plays into Holiday 2017 is interesting. [In Holiday 2016] the Echo outsold the Kindle, which is a significant change in gift purchasing behavior and what we're likely to see in years to come.”

Google Home recently aligned with Walmart to offer voice-assisted shopping. Customers can use Google's Assistant on the Home device or through the Google Express shopping website; Walmart shoppers can link past purchases to Google.

Raising the bar

Amazon and Google aren't the only players in the game. Some brands are starting to experiment with voicebots for tasks



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like checking order status and handling routine questions. That's where the ease that comes with voice can provide a robust customer experience, Starbuck says.

Holiday 2017, he predicted earlier in the year, would be “one of the first times where large groups of consumers are checking order status that way,” he says.

“With so many households with the devices, when it's top of mind, when they're wondering where an order is, they'll ask the question. Holiday tends to be a time when people make more purchases than usual, and when the purchase anxiety is

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higher. Voice is a great solution — the customer can get answers immediately.”

That’s something all retailers need to be ready for. “If competitors are providing any kind of automated service — whether it’s over voice or chat — this is going to raise the bar of customer expectations,” Starbuck says.

While the bar may be higher, it’s just part of an evolution of adapting to the way customers like to shop — and ease is at the forefront.

“If we’re to think about retailers or business in general, they always want to maintain conversations with their customers,” says Igor Gorin, CEO of Astound Commerce, a global digital commerce agency. “Conversations can be with a human, human-assisted application or artificial intelligence.”

Gorin points to an August announcement by Levi Strauss & Co. of a new stylist chatbot that answers questions about fit and style. “In the background, they’re assembling look books. The goal is to let you purchase the whole outfit which you’ve assembled,” he says.

He also notes Sephora’s makeup

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**— Luke Starbuck,
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chatbot that helps customers pick the right products. “Chatbots are getting more and more sophisticated. The technology is already there.”

But it remains something of a minefield. “It’s really easy to frustrate users with answers that are irrelevant and a waste of time,” Gorin says. “It’s difficult to entice the user to come back.”

Ever-improving technology

While voice-assisted technologies have been around for decades, the artificial intelligence at their base has reached new heights.

Yaniv Reznik, head of products and customer success at artificial intelligence/chatbot firm Nanorep — recently acquired by LogMeIn — says past attempts at voice were crippled because the technology was “not yet there to make a meaningful impact.”

He sees voicebots seizing upon — and growing alongside — improvements in artificial intelligence and natural language processing. Customers are also more willing to adopt this type of communication. “The marriage of the two has really created that opportunity,” he says.

It’s not a perfect system, to be sure. “There also is a bit of a leap required in trying to understand exactly what the customer is asking. If a customer asks, ‘Where’s my order,’ it’s a given that they probably mean one that hasn’t yet been delivered,” Reznik says.

“But what if there is more than one outstanding order? We may provide the information on what we think you’re asking, but we have to make it easy through quick buttons to select the right one.”

Chris Todd, CEO of Teatro, which offers an intelligent personal assistant and voice-controlled mobile app platform for hourly employees, believes retail has plenty of room to grow with voice. “Right now, we’re in this voice and chatbot 1.0 world, where retailers and others are taking a voice veneer and putting it over a traditional customer service application.”

It won’t be long until retailers build their own applications with voice at the forefront, Todd believes.

“It’s not a traditional app with a voice front end. It’s voice through and through. At the end of the day, its core logic and core construction is designed for voice. Over time, the evolution is going to be more toward this voice 2.0 environment, where the platform was built for voice from the very beginning and not just as an afterthought. It will become table stakes that retailers have a voice chatbot for customer service.”

The growing market

Retailers have options to enter the market quickly by partnering with technology. Apple — which introduced the concept with Siri on iPhones — has made some noise about recapturing its place in the market; some Chinese technology companies are going after voice-assisted

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shopping in a big way.

“In terms of voicebots, the third-party ecosystem is a fascinating space,” Starbucks says. “There is a lot of experimentation happening out there.”

Branded voicebots are just starting to come into the market: Starbucks says Campbell’s has been experimenting with an informational voicebot. “They are recognizing that the voice device tends to live in the kitchen,” he says, “and saw more of an opportunity to be an education resource in a very hands-free environment.”

Linc is currently using voice with some of its clients, “helping the customer answer familiar questions about tracking their order, reordering something like protein powders or cosmetics,” Starbucks says. “It’s very early days, but there is hesitation because a lot of retailers don’t understand that it is possible to create and deploy these without sharing data.”

Customers that use Linc for Alexa don’t have to share customer service data with Amazon and don’t have to sell products through Amazon’s marketplace, Starbucks says. “When we look at how Amazon runs their business units, they’re intended to run through silos. Alexa as a platform is growing in a lot of ways that have nothing to do with Amazon.”

An opportunity for branding

Partnering may make sense, but some believe that voice will become another part of omnichannel. It will no doubt make sense for retailers to own that, whether the bot is for customer service or shopping.

“Over time, retailers will need to engage customers with a voice context and they’ll want to have their own persona, their own Alexa,” Todd says. “The voice will be an extension of their brand. In today’s world, an Alexa can take orders for Tide, but they’re speaking on behalf of Tide. In the future, Procter & Gamble and others will have their own experience.

“Today you are seeing voice used for customer service and order fulfillment and making that engagement frictionless. The



Amazon's Echo Dot houses virtual assistant Alexa.

next step for conversational computing is to use voice to create the experience for that brand.”

Brands are starting to have that conversation. “I’ve been talking to several of our customers who are thinking about ways to use voice as a personality to extend their brand,” Todd says. “It will still do fulfillment and commerce, but the central core will be the brand experience.”

“If DSW wanted to sell their shoes through Alexa, the conversation to the customer about DSW is through Amazon’s lips,” he says. “Why let somebody else translate for you? Why do I want this other person to interpret my brand? I want to speak for myself.”

Service and merchandise

Voice can be an important tool in customer service — if it delivers personalized responses. “If I ask, ‘Where’s my order,’ don’t say, ‘I usually deliver in five or six business days.’ That’s not helpful,” Reznik says.

“It has to be personalized, contextual and meaningful. If the bot needs information from me in order to reply, just quickly ask. Let’s keep it conversational and quick and succinct.”

Customer service voicebots can also interact with a human agent.

“When you work with a bot, it’s not a whole separate experience and a separate

channel,” Reznik says. “What the bot needs to be smart enough to do is to realize when a question needs to be handled by a different channel. We help the brands to configure smartly, when does it make sense to transfer to a human agent? Not just a human agent, but the agent with the right skillset to deal with my request.”

The bot may return after that task is taken care of. “At any point in time, when you have human assistance come into play, it doesn’t mean it’s an either/or,” Reznik says. “We’re talking about the world of

hybrid experience. The human may help and fade out. The conversation really continues between the bot and the end user.”

Adoptability

As with virtually every aspect of retail strategy, voice must be driven by what works best for the customer.

“You design the conversation to make it easier for the end user,” Reznik says. “If the first impression is disappointing, those customers are unlikely to return and try that again.”

Consumers are willing to give up some personal information — regardless of channel — if the resulting personalization is relevant and makes them feel like a valued customer.

“The more customers experience the benefits from giving their personal data as they engage with a brand, the more they

will be comfortable with the technology that is enabling these interactions,” says Greg Ng, vice president of digital engagement at design and development tech agency PointSource.

“The challenge is that consumers still want to feel that they have a sense of control. Through voice-enabled technology, retailers are gathering a lot of passive data, but that doesn’t necessarily mean that information is how customers want to be identified. It’s only by really understanding who the customer is that retailers can ensure they’re improving customer experience and, therefore, encouraging further consumer adoption of this technology.”

Amazon’s Prime Day got its voice products into customers’ hands before the holiday shopping season. The next challenge was whether customers would be familiar and comfortable enough to allow Alexa to help shop when the time came.

“Retailers must start investing as soon as possible,” Gorin says. “It’s the future. Voice commerce is where retail is going, one way or another. There’s already been a mass adoption curve and it’s only becoming more advanced, cheaper and easier. We’re at the beginning of a massive wave. I would envision 30-40 percent of transactions going through some form of chat or voice-activated interaction in three to five years.”

Clearly, Todd says, retailers are getting that same indication. “For the first time,” he says, “I am hearing retailers ask, ‘What’s our voice strategy?’”

The response to that question may not be human at all.

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