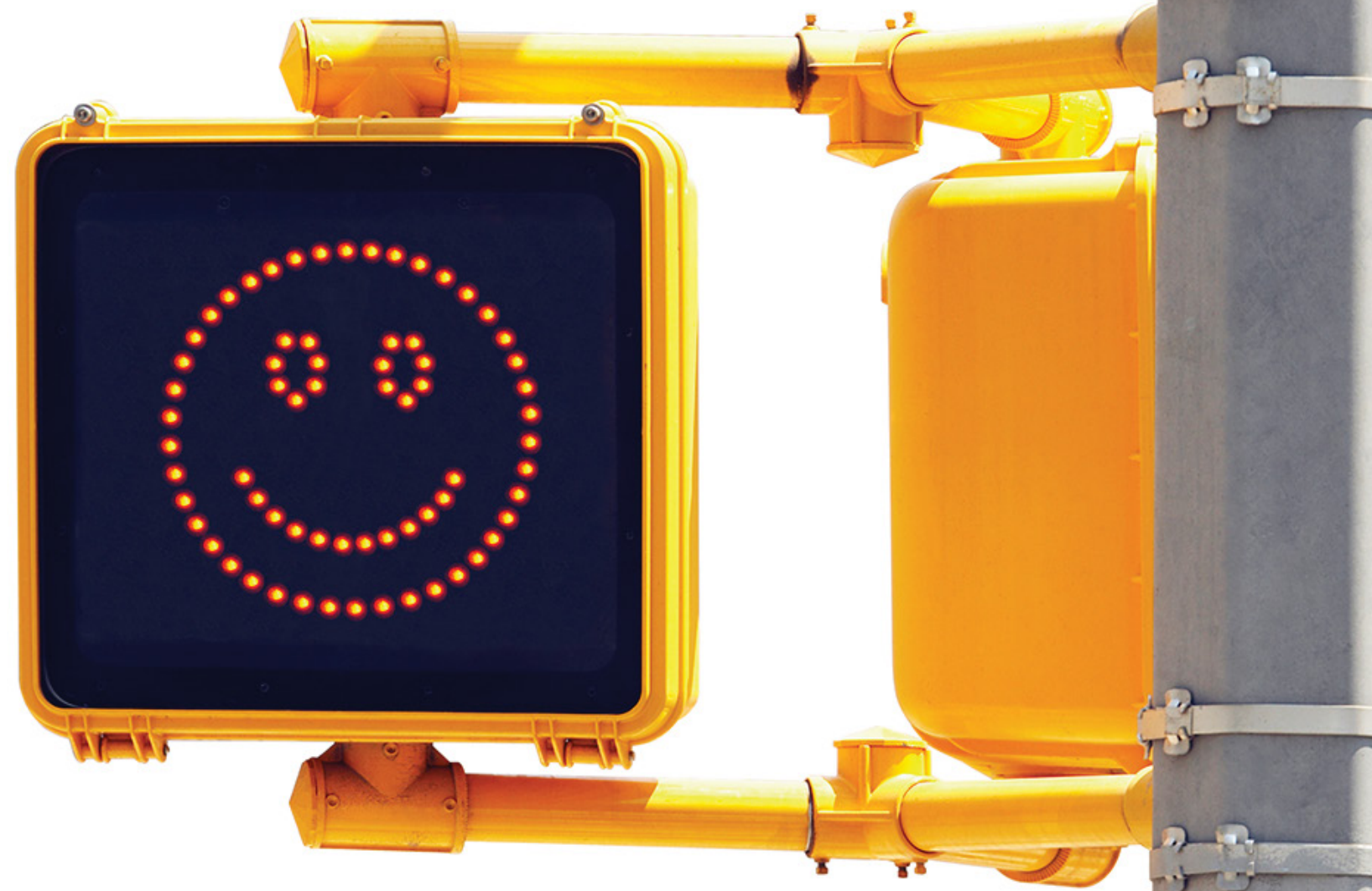accenture

TIME TO NAVIGATE THE
SUPER
MYWAY

Give digital consumers exactly what they're looking for

Insights from the 2018 Accenture Digital Consumer Survey of **21,000 online consumers in 19 countries** reveal **four key findings**:

The blending of the digital and physical worlds is evolving from a wide range of parallel services to a truly seamless experience. The digital voice assistant (DVA) device in its stand-alone form factor is leading the way in this development, as it makes services more easily accessible.

The key question for the industry is how well will companies be able to develop and offer these blended experiences to their customers?

1
Stand-alone digital voice assistant devices are leading the evolution toward blended digital and physical experiences

2
Interest in connected experiences extends to self-driving vehicles

3
Consumers want more than just fun from augmented and virtual reality

4
Consumers are in search of simplified, flexible and engaging subscription over-the-top (OTT) video experiences
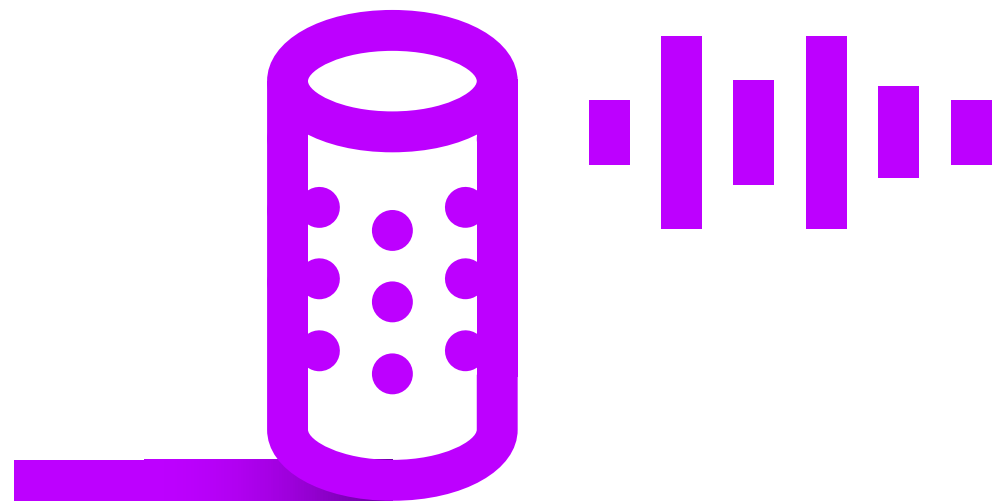
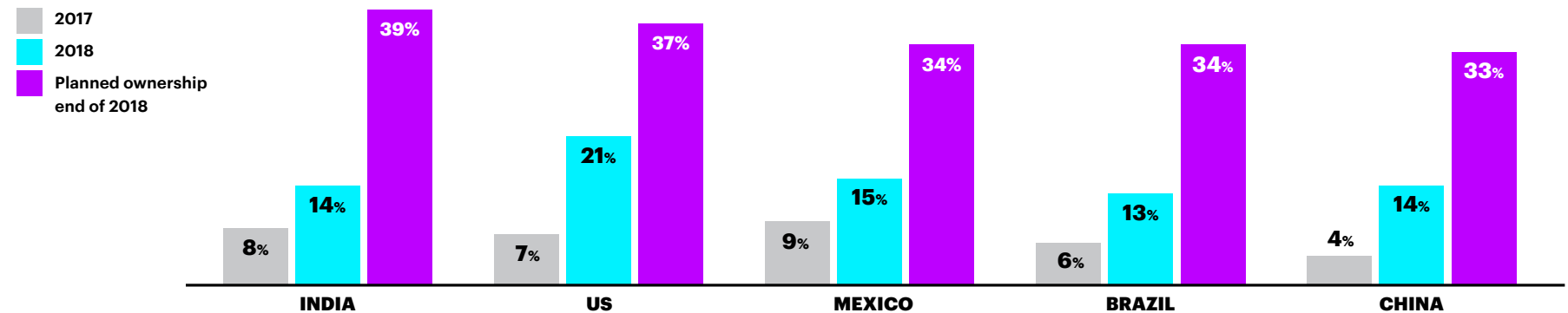YOU JUST GET ME   LET GO OF THE WHEEL   MAKE IT PRACTICAL   SHOW ME MORE   NOW WHAT?

1

STAND-ALONE DIGITAL VOICE ASSISTANTS (DVAs)

ARE LEADING THE EVOLUTION TOWARD BLENDED DIGITAL AND PHYSICAL EXPERIENCES

Year-on-year growth in ownership of stand-alone digital voice assistant (DVA) devices is greater than 50% in all countries surveyed, regardless of the availability of local language services. If stated purchase plans hold, DVA device ownership will reach one third of the online population in China, India, the US, Brazil and Mexico by the end of 2018 (FIGURE 1). While not yet as widespread, stand-alone DVA devices are used more often and deliver higher satisfaction levels than devices with embedded DVAs (FIGURE 2).

FIGURE 1
Projected ownership levels of stand-alone DVA devices by the end of 2018

Legend:
- 2017
- 2018
- Planned ownership end of 2018

| Country	2017	2018	Planned ownership end of 2018
INDIA	8%	14%	39%
US	7%	21%	37%
MEXICO	9%	15%	34%
BRAZIL	6%	13%	34%
CHINA	4%	14%	33%

SAMPLE BASE:
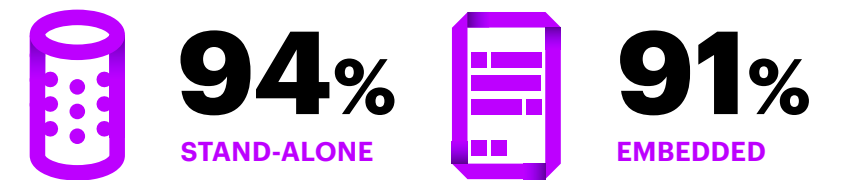All respondents (n=1,000 in each country, 2,000 in the US and China)

FIGURE 2
While not yet as widespread as embedded voice assistant devices, **stand-alone DVA devices are used more often and users are more satisfied**

FREQUENCY OF DAILY AND WEEKLY USAGE

75% STAND-ALONE   69% EMBEDDED

SATISFACTION LEVEL
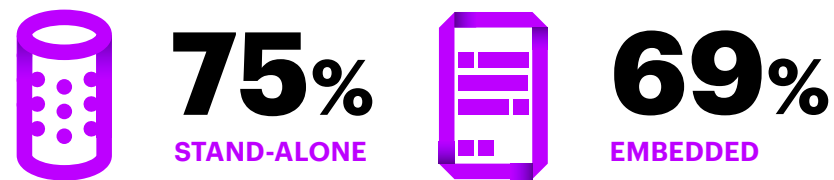
94% STAND-ALONE   91% EMBEDDED

SAMPLE BASE:
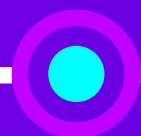Stand-alone DVA device users (n=3,639) | Embedded DVA device owners/users (n=6,689)

YOU JUST GET ME   LET GO OF THE WHEEL   MAKE IT PRACTICAL   SHOW ME MORE   NOW WHAT?

The voice interface takes the blending of the physical and digital worlds to a new level, augmenting the way consumers access content and services and offering providers an additional service and revenue opportunity. In fixed locations consumers who own a DVA device are using their smartphone less for certain activities, but for "on the go" use cases they still turn to their mobile devices (FIGURE 3). Countries where the highest percentage of consumers agree they are using DVA device for activities previously done on smartphones include India, the US, and Brazil.

Device adoption may be the easy part; keeping consumers engaged could be more challenging. The winners will be the ones who can tailor an app to provide a truly integrated digital and physical experience.

FIGURE 3
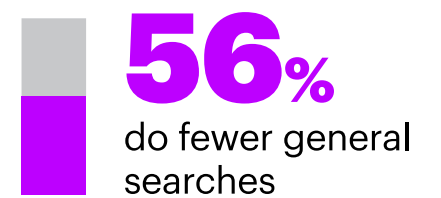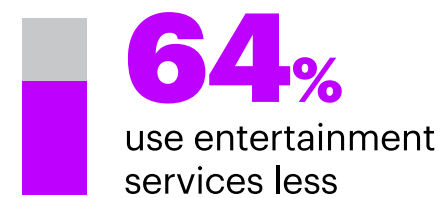66% of consumers who own a stand-alone DVA use their smartphone for fewer activities

Q: To what extent do you agree with the following statement?

Since I got my digital voice assistant device, I use my smartphone for fewer activities

30% **35%** **66%***

■ Strongly agree ■ Agree
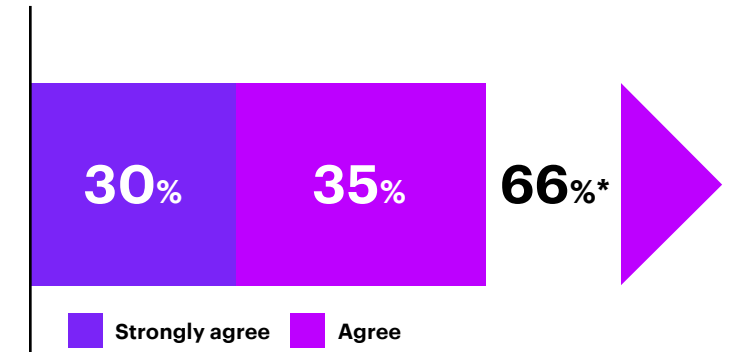
SAMPLE BASE:
Stand-alone DVA device owners/users (n=2,271)
* Sum after rounding percentages

2 out of 3 consumers who own a stand-alone DVA use their smartphone less

64% use entertainment services less

58% do less online purchasing

56% do fewer general searches

SAMPLE BASE:
Stand-alone DVA owners who use their smartphone for fewer activities (n=1,493)

YOU JUST GET ME   LET GO OF THE WHEEL   MAKE IT PRACTICAL   SHOW ME MORE   NOW WHAT?
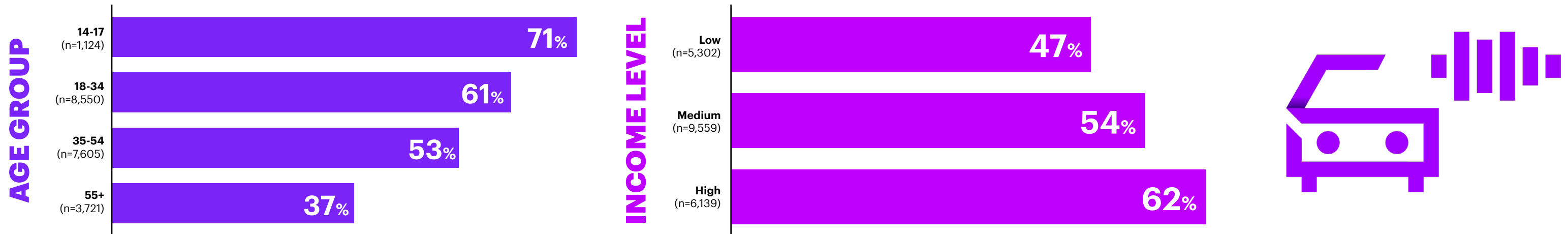
3

INTEREST IN CONNECTED EXPERIENCES EXTENDS TO SELF-DRIVING VEHICLES

Although commercially available self-driving vehicles are not expected to be market-ready in the near term, survey findings indicate that consumers are ready to embrace the concept. More than half of online consumers–especially men under 55 years of age with higher incomes–are willing to be a passenger in a self-driving vehicle, despite some concerns over safety (FIGURE 4). One-third cite tech brands as their preferred supplier for self-driving vehicles with preference strongest in emerging markets like India, Brazil and Mexico.

Consumer interest declines as advanced driver assistance system (ADAS) features become more autonomous, indicating many may be more comfortable taking incremental steps toward relinquishing driver control. Nonetheless, 53 percent report interest in fully autonomous vehicles now. The large acceptance of this seemingly high-risk technology blended into a physical world experience indicates consumers will integrate some level of risk into their lives to achieve an experience they deem valuable.

Multi-tasking is seen as a key advantage of autonomous vehicles and the amount of time that is freed when consumers don't need to drive is massive. Important questions will be how that time will be used and what companies will best leverage the monetization potential of this captive audience.

FIGURE 4
54% of online consumers are willing to be a passenger in a self-driving vehicle

AGE GROUP

14-17 (n=1,124)	71%
18-34 (n=8,550)	61%
35-54 (n=7,605)	53%
55+ (n=3,721)	37%

INCOME LEVEL

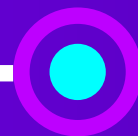|	
Low (n=5,302)	47%
Medium (n=9,559)	54%
High (n=6,139)	62%

YOU JUST GET ME   LET GO OF THE WHEEL   MAKE IT PRACTICAL   SHOW ME MORE   NOW WHAT?

CONSUMERS WANT MORE THAN JUST FUN FROM AUGMENTED AND VIRTUAL REALITY (AV/VR)

The broad consumer base is more interested in practical, daily-life Augmented and Virtual Reality (AR/VR) applications than gaming (FIGURE 5). While this group has lower average purchase intent, its larger size represents a hardware sales opportunity equal to that of gamers.

AR/VR is evolving into a range of different use cases and device form factor will most likely play a role in their adoption. Consumers are interested in AR/VR technology and services but few are comfortable wearing intrusive devices. Integrating AR technology into wearable and other daily life devices is one way to overcome the challenge. In fact, more than half of consumers long for the day when they can replace their smartphone with a wearable solution that has all smartphone functionality through voice, augmented reality and hologram interfaces (FIGURE 6).

Now is the time to consider blending AR/VR into practical life experiences. While AR/VR is differentiating now, it will increasingly be embedded across a wide range of services. Defining ways to further differentiate the experience as AR/VR becomes more ubiquitous will be key to creating service monetization opportunities.

FIGURE 5
Consumers are interested in practical, daily-life AR/VR applications beyond gaming
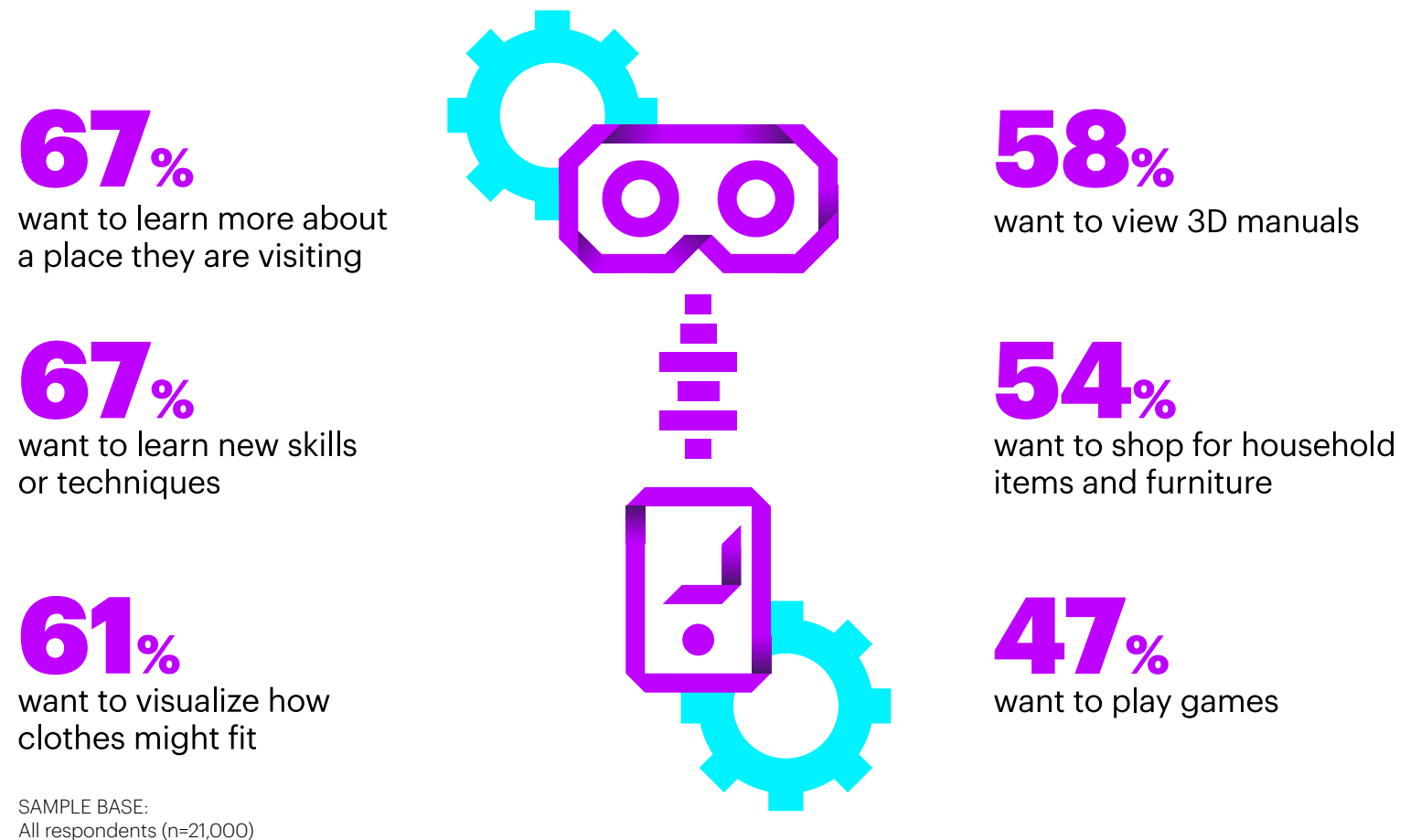
67% want to learn more about a place they are visiting

67% want to learn new skills or techniques

61% want to visualize how clothes might fit

58% want to view 3D manuals

54% want to shop for household items and furniture

47% want to play games

SAMPLE BASE:
All respondents (n=21,000)

FIGURE 6
55% of consumers would like to replace their smartphone with a wearable solution that has all smartphone functionality through voice, augmented reality and hologram interfaces

20% **35%** **55%**

SAMPLE BASE:
All respondents (n=21,000)

■ Strongly agree ■ Agree
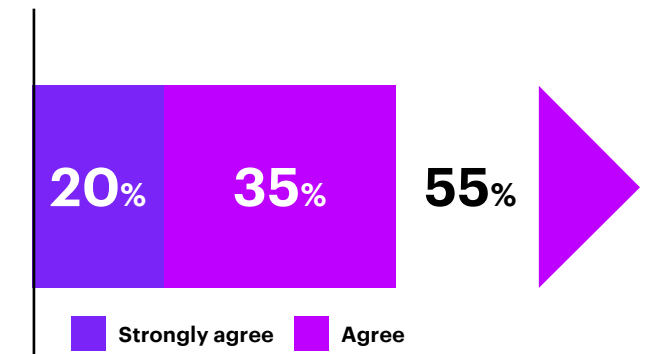
YOU JUST GET ME   LET GO OF THE WHEEL   MAKE IT PRACTICAL   SHOW ME MORE   NOW WHAT?
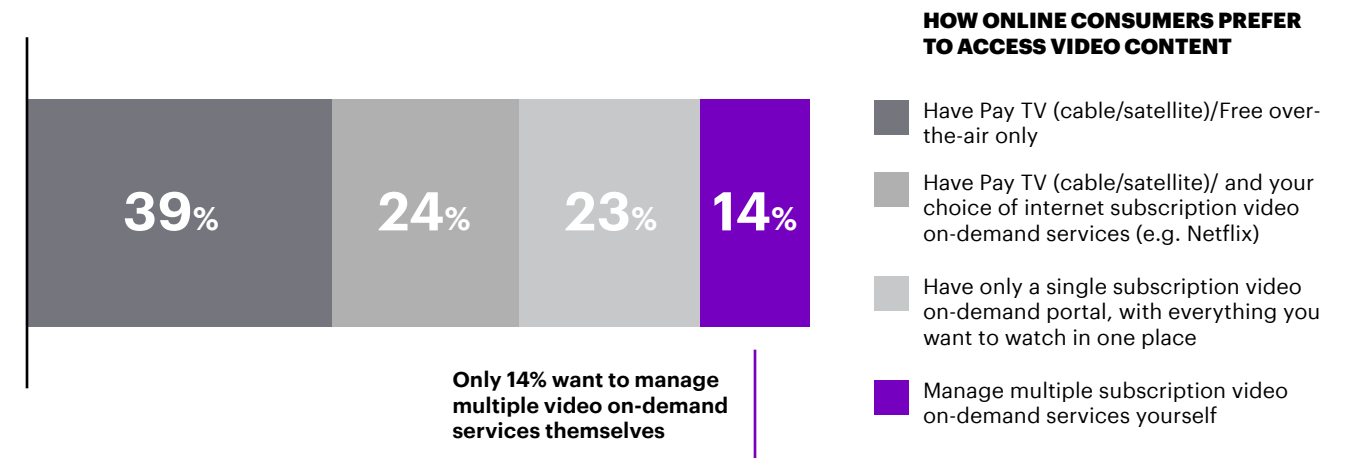
CONSUMERS ARE IN SEARCH OF SIMPLIFIED, FLEXIBLE AND ENGAGING OVER-THE-TOP (OTT) VIDEO EXPERIENCES

With more than 200 OTT service providers in the US alone, it is not surprising that consumers often need to manage multiple OTT services to get all the content they want. However, an overwhelming majority (86%) are tired of this juggling act (FIGURE 7). Their search for a simplified, centralized experience, points to the potential of aggregation services and managed access models in the industry.

Yet, this does not mean consumers are looking for access to all content—just theirs. Half of respondents (51%) believe they are paying for content they don't want, an indication that the market is ripe for flexible bundles that can be customized to consumer preferences and new business models that can unlock additional consumer demand (FIGURE 8).
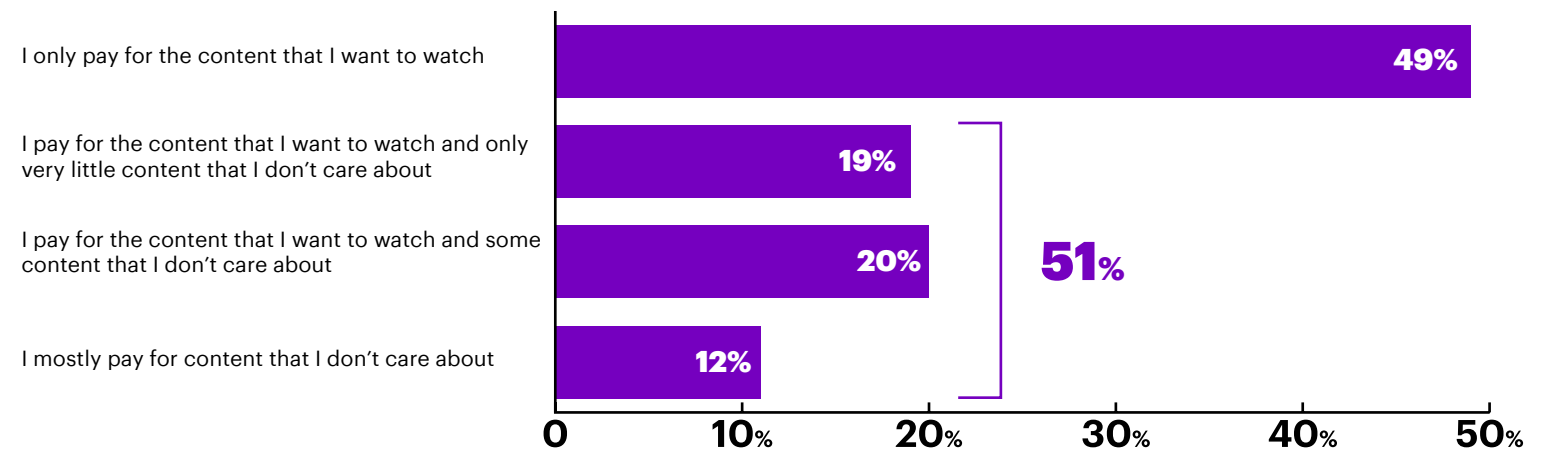
FIGURE 7
86% of online consumers say they don't want to juggle multiple OTT services

HOW ONLINE CONSUMERS PREFER TO ACCESS VIDEO CONTENT

| 39% | 24% | 23% | 14% |

- Have Pay TV (cable/satellite)/Free over-the-air only
- Have Pay TV (cable/satellite)/ and your choice of internet subscription video on-demand services (e.g. Netflix)
- Have only a single subscription video on-demand portal, with everything you want to watch in one place
- Manage multiple subscription video on-demand services yourself

Only 14% want to manage multiple video on-demand services themselves

SAMPLE BASE:
All respondents (n=21,000)

FIGURE 8
Despite shrinking video bundles, **51% of consumers believe they pay for content they don't care about**

Category	%
I only pay for the content that I want to watch	49%
I pay for the content that I want to watch and only very little content that I don't care about	19%
I pay for the content that I want to watch and some content that I don't care about	20%
I mostly pay for content that I don't care about	12%

51%

SAMPLE BASE:
All age 18+ respondents (n=19,867)

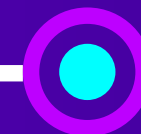YOU JUST GET ME   LET GO OF THE WHEEL   MAKE IT PRACTICAL   SHOW ME MORE   NOW WHAT?

6

While many OTT services are gravitating towards subscription-based models to drive revenue, research reveals that there is still a healthy consumer appetite for advertising. In fact, 64% of respondents stated that they are not willing to pay more to remove advertising (FIGURE 9). This gives OTT services the opportunity to pursue diversified options for monetization and to provide consumers with more flexible options to satisfy their preferences and price point.

There is no question that consumers are engaged in OTT and, based upon market trends, becoming more so. According to our research, online video consumption accounts for 42% of consumers' viewing time—but comprises only 23% of consumers' viewing wallet (FIGURE 10). Although OTT services are not yet reaping their fair share of market spend, there is definite potential to grow revenue by aligning these values and positioning OTT as a competitor to traditional PayTV to attract new viewers.

FIGURE 9
OTT services have gravitated to subscription-based models, but **64% of consumers say they aren't willing to pay to remove advertising**


36%   **64%**

■ Pay to Remove   ■ Would not Pay to Remove
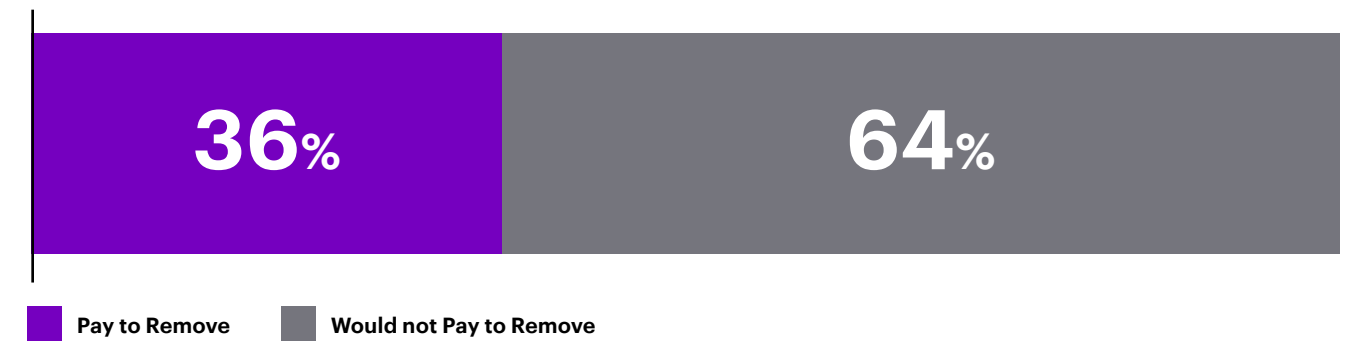
SAMPLE BASE:
All age 18+ respondents (n=19,867)

FIGURE 10
Consumer budgets do not yet reflect their shift in consumption to online video: **they spend 23% of their entertainment budget on OTT but 42% of their viewing time**

SHARE OF WALLET AND SHARE OF TIME FOR PayTV AND OTT SUBSCRIBERS GLOBALLY

23% OF WALLET ON OTT, BUT 42% OF VIEWING TIME

Share of Wallet   Share of Time

■ OTT   ■ PayTV
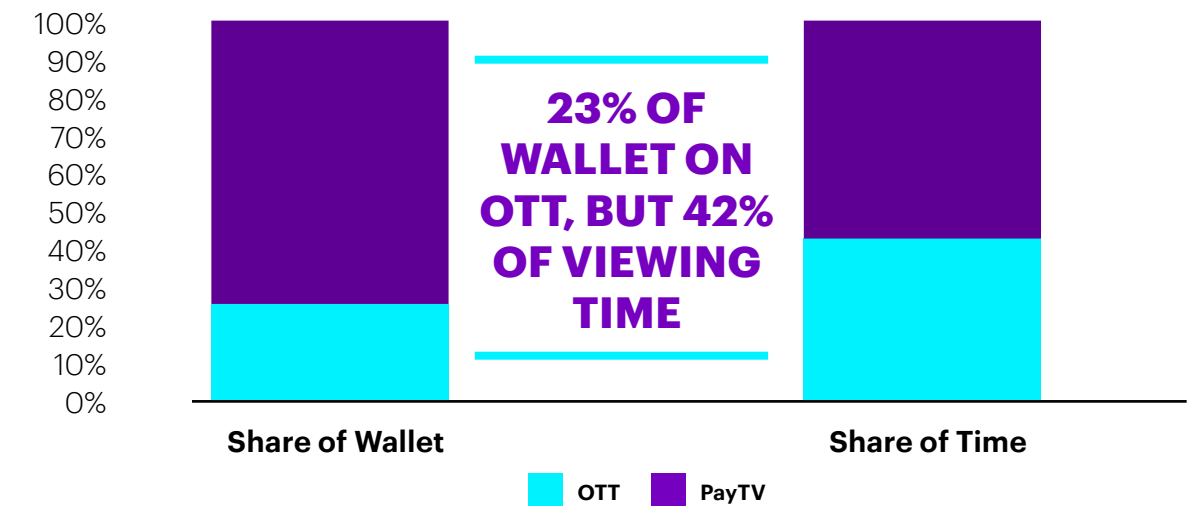
SAMPLE BASE:
Global Consumers who have *both* OTT and PayTV services (excl. Online PayTV) (n=3,129)

RECOMMENDATIONS
TO NAVIGATE THE
SUPER MYWAY

Give digital consumers exactly what they're looking for:

1. Focus on blended digital and physical experiences

Consumers are embracing the blended experiences that voice-enablement provides. Soon consumer interest will shift from new form factors to connected, live intelligence and success will pivot on how well companies create and sustain engaging blended experiences. Integrating natural language processing will be a key imperative for the developer ecosystem such that video, voice and various other interfaces work seamlessly together at home and on **the go.**
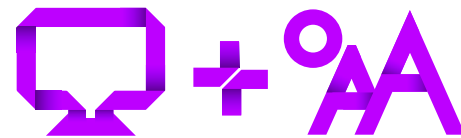
2. Architect new ecosystems to connect consumers

Behind blended experiences are rapidly evolving ecosystems of hardware, software, connectivity and content providers. As service access grows ubiquitous and focus heightens on integrated digital and physical experiences, new ecosystems are needed to deliver engaging use cases. Whether it is a partnership between mobile and stationary devices, data sharing across platforms or collaboration with unique providers, dynamic ecosystems will form the basis for differentiation.
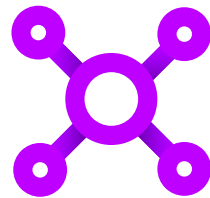
3. Innovate with new business models

The merging of digital and physical experiences represented by DVAs, self-driving vehicles and AR/VR creates monetization opportunities that could introduce completely new businesses and business models. How will free time be spent in a self-driving vehicle? How can AR/VR and autonomous technologies assist in healthcare or training? A persistent focus on innovation will help companies lead the way in the blended experience evolution.
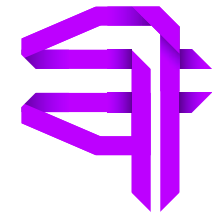
4. Put consumers at the heart of the OTT experience

OTT video is here to stay. Now it's time to retool the current business models to put the consumer at the center of the online video experience. In doing so, video service providers can unlock expanded revenue opportunities through business models like: new aggregation services, flexible bundles, tiered subscription access models with consumer-oriented advertising approaches and services that position OTT providers as competitors to traditional PayTV.
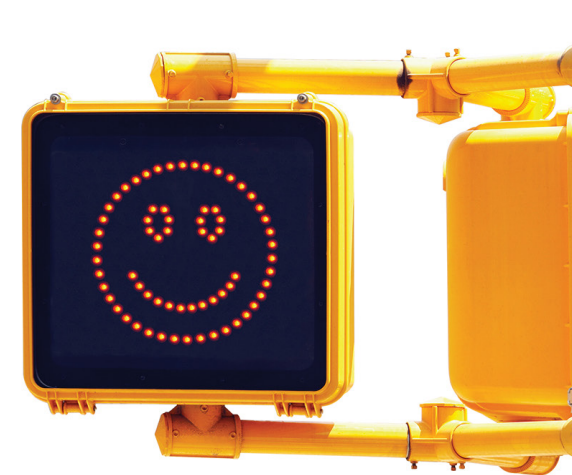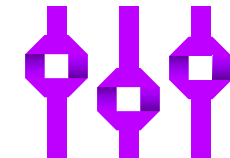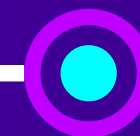
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ABOUT THE ACCENTURE DIGITAL CONSUMER THOUGHT LEADERSHIP PROGRAM

The Accenture Digital Consumer Thought Leadership program for communications, media and technology companies is based on a survey which was conducted online between October and November 2017, with 21,000 consumers in 19 countries, including Australia, Brazil, Canada, China, France, Germany, India, Italy, Japan, Mexico, The Netherlands, Poland, Singapore, South Africa, Spain, Sweden, The United Arab Emirates, The United Kingdom and the United States. The sample in each country is representative of the online population, with respondents ranging in age from 14 to 55 plus. The survey and related data modeling quantifies consumer perceptions of digital devices, content and services, purchasing patterns, preference and trust in service providers, the future of their connected lifestyle and appetite in new technologies such as digital voice assistants, self-driving vehicles, artificial intelligence and virtual reality.

www.accenture.com/digitalconsumers

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