

VOICE ORDERING: SHOULD C-STORES BE LISTENING?

With Amazon and Google leading the way, consumers are beginning to embrace voice ordering, and savvy retailers are answering the call By Tammy Mastroberte

IT DOESN'T SEEM THAT LONG AGO that mobile ordering and mobile apps were the new must-have technology for retailers. But now, with the lightning-fast movement of the tech industry, the latest trend to hit the market is voice ordering — and it's growing fast.

The major players in the space are Amazon, with its Alexa and Amazon smart speaker devices, and Google with the Google Assistant on its Google Home products. Even Apple is getting into the game with its new HomePod, although it doesn't have the capabilities of the others yet.

Retailers in a variety of markets are beginning to integrate with these systems — Walmart, Domino's and Starbucks, to name a few — allowing customers to use voice ordering for a variety of products. Even Altoona, Pa.-based Sheetz Inc. is offering voice ordering with Amazon in the convenience store space.

"I think somewhere between five and 10 years from now we will laugh at how we used to open a browser to place orders," Rob Rastovich, chief technology officer at ThingLogix, a provider of Internet of Things (IoT) solutions based in San Francisco, told *Convenience Store News*. Rastovich also runs a cattle ranch in Bend, Ore., that uses voice ordering with local pubs that order meat on a regular basis.

"People thought nobody would put their credit card on the Internet to buy something 20 years ago and now, it's commonplace. If you are not online, then you are not in business, and it will be that way with voice ordering, too," he said.

In addition to partnering with Alexa, Starbucks has gone a step further and launched voice ordering through its own mobile app, using what the company calls "groundbreaking artificial intelligence" to understand what a customer is ordering through its app. With Alexa, customers simply say "Alexa, order my Starbucks" to get whatever their present order is set to.

Currently, the most commonly ordered items using voice ordering are groceries, which represents 20 percent of all voice orders through home devices, according to new research by global firm OC&C Strategy Consultants, based in New York.

Shopping via voice ordering is expected to increase from \$2 billion today to \$40 billion by 2022, with the number of smart speakers in homes expected to jump to 55 percent from only 13 percent today, according to OC&C.

"In the last six months, both Amazon and Google stepped up the marketing of their smart speakers, and new versions are coming to the market," said John Franklin, associate partner at OC&C. "It's starting to grow and move past the early tech adopters and into mainstream."

Along with the penetration of smart home speakers increasing at such a rapid rate, consumers are becoming more comfortable with voice ordering. They've moved from using their speakers for alarms, trivia questions and listening to music to actually shopping, noted Franklin.

"There is also a very tight link between smart speaker ownership and Amazon Prime membership," he added. "It has been driving it 3-to-1, and Amazon Prime members are more likely to own a smart speaker. It's becoming more integral to the Amazon ecosystem, so the rate of adoption will keep growing. Plus, we will see Google increase competition."

What About the C-store?

As convenience stores continue to become more sophisticated in their foodservice options, and with grocery being the top category for voice orders right now, should c-store operators be watching this technology trend to see where they can take action?

Most experts say the answer to that question is yes.



"If this is what consumers are drifting to, c-store retailers will have to adjust accordingly," said Bill Bishop, chief architect and co-founder of Brick Meets Click, based in Barrington, Ill. "We have a situation where these types of services are being increasingly demanded by customers and, over time, if you don't have them, you won't be able to protect your business."

The advantage of voice ordering is it's a hands-free, low engagement interface that can be done "on the fly" and is actually more convenient, Bishop noted. It also lends itself to retailers who offer immediate-consumption and foodservice items.

"Voice ordering dovetails really nicely with where c-store operations are going with immediate consumption," he said.

Sheetz, which has roughly 575 stores, was the first c-store operator to announce voice-ordering capabilities in December 2017 — specifically for its Made to Order food using Amazon's Alexa. Customers with a Sheetz online ordering account and an Alexa-enabled device can enable the "Sheetz skill" on their device or the Alexa app, and start an order by saying "Alexa, start Sheetz" or "Alexa, order my favorite from Sheetz." Then, they just follow the guided prompts to place an order for pickup at their local store.

"There is clear opportunity here for those in the c-store market who embrace it, especially going down the routes of immediacy like foodservice or emergency groceries," Franklin noted. "They could provide a niche position in the market and benefit from the advantage of delivery service if they offer it."

Getting in the Game

For c-store retailers looking to take the plunge into voice ordering, the first thing to set up, if it's not already established, is a business process to take orders in advance, and a system to manage it all. If they have a delivery option, either in-house or through a third-party, this also needs to be considered as part of the equation, according to Bishop.

The next step would be to create an Alexa skill or Google play to integrate with either company's devices. This will "train Alexa or Google" on what a customer will ask for when ordering through the devices, explained Rastovich, whose company ThingLogix serves as middleware between a company's systems and Amazon's Alexa or Google Home. For his own cattle ranch business, for example, he had to set up an Alexa skill that would know as soon as someone said "barley beef" that the barley beef system would open on their end for the order.

"Retailers need to develop the skill using Amazon language, so if I was Domino's, I would develop a skill that allowed customers to say 'Alexa, order me Domino's,' and that is the crux of how the technology works," Franklin said. "Companies have to view this in terms of how the customer will order. Often, the consumer will not ask for a product



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the way it's currently branded. They will refer to it in the way they are familiar with it."

In other words, if your chain offers Texas Barbecue Pizza in a 16-inch size, odds are that is not the way a customer would order it. They might say they want a "large barbecue pizza," so the Amazon skill and system need to be set up to accommodate this, according to Franklin.

A company needs to think about consumer behavior when it comes to this aspect of voice ordering to know how the skills should be set up in advance.

The next part of the equation is setting up Alexa to talk to a company's own technology systems, such as a point-of-sale system. "Just as if someone went to your website, clicked and ordered something on mobile, it would look the same on your end coming from Alexa," explained Franklin.

Additionally, there is no fee for developing an Alexa skill, but there is a pay-as-you-go model for the infrastructure behind it, Rastovich said, explaining that in an effort to increase adoption, Amazon will offer incentives to large players. He has even seen them pay for the first year of service in some cases.

Rastovich incorporated voice ordering into his cattle ranch business more than a year ago and has seen adoption slowly grow. Many people will send 10 or more test orders just to make sure the system is working properly but, once they see it actually works, they never go back to ordering the old way, he shared.

"We use SMS so Alexa will confirm the order for you saying, 'You want to order X to be delivered on X,' and then you confirm saying 'Yes.' Then, Alexa tells you that you are confirmed and sends you a text," Rastovich said. "You can also cancel your order using voice by saying, 'Alexa, cancel my order for X date of X,' and you will get a text confirming it's been canceled."

With more and more retailers adopting voice ordering, and OC&C calling it the "next major disruptive force in retail," voice ordering is not something to be ignored. And for those who are already offering online and mobile ordering for foodservice in the c-store space — and even delivery in some cases — voice ordering is the next logical step.

"I can go onto Alexa today and say, 'Alexa, order me pizza,' and she will say, 'Which pizza do you want? Domino's, Pizza Hut,' and will list the ones participating with Amazon," said Rastovich. "There will not be a local pizza place on the list because he or she won't have the money to be part of it. But the way this is moving, they will have to be."