

RETAIL

Retail's next frontier: Voice ordering via connected home assistants

July 17, 2017



Google Home is a voice-controlled digital assistant. Image credit: Google

By JEN KING

The evolving definition of the connected consumer together with shifting behavior and expectations will shape the future of retail.

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Walker Sands' fourth annual "Future of Retail" report has uncovered three major trends that will spur changes to the current retail model as the industry faces mounting challenges. Walker Sands found that nearly half of surveyed consumers prefer to shop via digital channels, including mobile, desktop and voice-controlled devices, an increase of 48 percent from last year's report.

"This year's study demonstrates a fundamental shift in the consumer buyer journey," said Erin Jordan, account director and lead of the retail technology practice at [Walker Sands](#), Chicago. "While in years past, the future of retail has been focused on the online buying process, this year's findings indicate that with the introduction of connected home and voice-controlled devices, retail and commerce has become an integral part of our always on' lifestyles.

"Consumers expect commerce to provide an experience, rather than a transaction. With the further integration of new technologies, this will continue to shift even further," she said. "Still, consumers aren't willing to fully abandon the in-store shopping experience and younger consumers in particular are expecting more from their brands and retailers.

"While keeping up with Amazon has been a major focus for many, shifting strategies to pay closer attention to back-end technologies in the supply chain and delivery process will help retailers better compete. At the same time, the data reveals brands and retailers should also be thinking about how to better appeal to their target audiences through new and improved experiences."

For the [Future of Retail 2017](#), Walker Sands surveyed more than 1,600 consumers in the United States. Survey questions touched on shopping habits and expectations to gain an understanding of how ecommerce has changed retail and the consumer shopping experience.

Connected commerce continues

While ecommerce brought forth change for retail, advancements in technologies such as connected home devices, virtual reality, voice ordering and drones will continue to reshape the industry as well as consumer expectations.

Per Walker Sands' report, a connected consumer no longer means just smartphones.

Smartphones now have a penetration rate of 78 percent among U.S. consumers, and 55 percent own a tablet. While the percentages are lower, many consumers also now own wearables such as fitness trackers and smartwatches and a growing number own virtual reality headsets and personal drones.

In-home smart devices are also on the rise with more than a quarter of those surveyed having connected appliances, thermostats and lights.



Amazon Echo includes Alexa, a voice-controlled virtual assistant. Image credit: Amazon

Likely to become a game-changer for retailers, 24 percent of consumers now own a voice-operated device such as Amazon Echo or Google Home. In the next year, 20 percent of Walker Sands' respondents plan to purchase a voice-operated device.

Walker Sands predicts that consumer connectivity will force retailers to offer a more fluid commerce experience due to the use of voice-operated devices.

While omnichannel has become a common strategy for seamless commerce, going forward retailers will need to consider these devices as a purchasing channel.

Ecommerce continues to be the majority of consumers' preferred commerce method, with only 4 percent of consumers responding that they never shop online. Twenty-nine percent of consumers shop online at least weekly, and 37 percent of millennials said the same.

On mobile, 65 percent of respondents have shopping applications on their smartphones, and 66 percent have made a purchase in-app. Per the report, 29 percent said they always or often shop via an app, and 38 percent opt for shopping on mobile Web sites.

Despite consumers' comfort with mobile commerce, voice ordering should be seen as the "next frontier" for retailers.

Walker Sands found that one in five consumers, or 19 percent, have made a voice purchase using Amazon Echo or a similar device. A third of consumers plan to do so in the next year.

"The future of retail is about more than just retail – it's a lifestyle where commerce is integrated through online and offline channels that now include connected home and voice-control devices," Walker Sands' Ms. Jordan said.

Walker Sands Future of Retail 2017: The Rise of Voice-Driven Commerce from Walker Sands on Vimeo.

While high-end retailers have yet to test voice-ordering via Amazon Echo or Google Home, the automotive industry has played around with the idea.

German automaker Daimler's Mercedes-Benz, for example, is now allowing consumers complete control over their

vehicles without having to step foot outside of their homes through Google Home capability.

With so many advances in technology happening, the auto industry is miles ahead in terms of innovation. A series of luxury vehicle manufacturers such as Mercedes are integrating with at-home virtual assistants, allowing consumers to complete various tasks with just their voice, such as turning on the car and getting fuel info ([see story](#)).

Let's get physical

Even though retail's future will become more digitally connected, unique brand experiences will help keep bricks-and-mortar alive.

Aside from discounting, Walker Sands' report found that 30 percent of consumers are interested in retail experiences that involve food and beverage offerings. This concept has long been established by department stores, but recently many retailers have worked to enhance culinary offerings to boost foot traffic.

For example, British department store Fortnum & Mason served up a culinary staple of East London for locals and passersby alike to enjoy. To celebrate March's British Pie Week, Fortnum & Mason hosted a pop-up pie market and a series of pie-making events ([see story](#)).

Also, personalization and live product demonstrations are of interest with 18 percent of consumers appreciating such programs.

Recently, Italian fashion label Dolce & Gabbana placed emphasis on its footwear category with the opening of a dedicated sneaker boutique in Milan. To welcome consumers to the boutique, Dolce & Gabbana brought its in-house seamstresses and a number of artists to the store for a sneaker personalization event ([see story](#)).

Lastly, in-store entertainment will help bricks-and-mortar retailers to keep consumers' attention. Seventeen percent of consumers agreed that if a store organized an entertaining event, they would be more inclined to attend.

British department store Selfridges, for instance, is emphasizing the close relationship between fashion and music with a new in-store initiative that mixes retail with performance.

Young affluent consumers are drawn in through experiences while shopping rather than just quality products. Selfridges is innovating the department store experience by turning its flagship into a performance venue throughout the summer and fall ([see story](#)).

"Of those who have made a luxury purchase in the past year (45 percent) of consumers, 55 percent have made in-store purchases, compared to 17 percent who have made brand Web site purchases, 28 percent who have made retail Web site purchases and 29 percent who have made third-party retailer purchases on platforms such as Amazon," Walker Sands' Ms. Jordan said.

"The data represents that even in more niche categories such as luxury, consumers are becoming more comfortable shopping online," she said. "The key for luxury retailers in the coming years will be to pay close attention the experiences that speak to their unique audiences.

"While online shopping is on the rise, in-store will remain an important part of the luxury experience in particular. Integration of new technologies and valuable customer experiences will set successful luxury brands and retailers apart."