

FUTURE OF MARKETING: ERA OF DIGITAL ASSISTANTS

Over the next decade, digital assistants will upend marketing as profoundly as the shift to mobile. They will sit between the individual and businesses, defining their interaction based on the needs and context of the user.

Consumers are eager for innovations that save them time and simplify their lives. Survey respondents express enthusiasm for digital assistants and their capabilities in life management, shopping and curating information.

As assistants become more adept at personalized content curation, access to the user will depend on relevance. Brands will have to navigate a further shift away from advertising to individually focused marketing.

Adoption of digital assistants and voice powered services will take place as quickly as technology is coupled with brand innovations to make them valuable. Much like the development of mobile, companies with early experiments and capabilities will win.

Voice will be a catalyst for a shift in behavior. In low risk, familiar cases users will increasingly rely on voice, sacrificing some fidelity of information to save time (such as purchasing household items). Screens will retain their importance in higher consideration use cases, where consumers want to see choices before making decisions.

Developing voice skills is important for brands today for gaining insight into how customers use them and the role voice plays in the customer journey. They will become a direct conduit for service, commerce and improving the customer experience.

Identifying and surfacing the right data to digital assistants will be the defining marketing skill in this next phase of our digital evolution.

In 2008 it was impossible to imagine today's mobile lifestyle and its implications. Brands barely grasped the need to serve customers wherever and whenever they chose, on whatever device.

Once again, we're in the early days of an upheaval for marketing; the long rise of the digital assistant. The shift to mobile is a useful template because the growth in the audience for digital assistants rivals those early years of the smartphone and because now, as then, brands can choose whether to prepare for growth or wait to face existential challenges.¹

Just as it was difficult to hold a flip phone and anticipate modern customer experiences, it's challenging to interact with today's limited digital assistants and see their potential. But the brands that make that leap will dominate a decade from now.

"All of our recent research and experience is telling us that time is the new currency. People are starved for time, and if you can do anything to help them save it, they're willing to pay a premium."

- Retail Executive

In a study of over 6,000 adults in North America and the United Kingdom, one overriding theme rose to the surface; time is the currency of the modern consumer. There is a powerful need to offload repetitive and low-value tasks onto technology and to take advantage of services that can simplify and organize our lives.

This fundamental desire to save time will drive adoption of digital assistants at a speed that is only limited by technological development and brands' imaginations. In scenario after scenario, respondents express an enthusiasm and expectation for the kinds of services that assistants will enable.

WHERE WILL DIGITAL ASSISTANTS BE USEFUL TO YOU?



(N=5,756)

¹ Canalsy, *Smart Speaker Analysis*, 2018

If you can't prove relevance, you'll be invisible

Many of the central use cases for digital assistants revolve around their ability to curate information and content. As they learn from explicit and implicit cues, assistants will act as moderators between the individual and the digital world. The bar for access to the customer will get higher with feedback and experience.

This capability will be double edged for brands. While 87% of respondents see great value in assistants helping them find deals and narrowing down product choices, they also see this as reducing their exposure to unhelpful advertising.

This doesn't mean the end of advertising, but it does redefine the standard by which consumers will define its value. Digital Assistants and the information they provide on user preferences will be a highly accurate guide to brands about customer needs and advertising will have to take advantage of that insight.

The history of digital marketing is of increasingly specific channels to and from the customer. In parallel it is also the history of the customer trying to take control of the advertising they receive through those channels through ad blocking, paid subscriptions, multiple email addresses, etc. Success in the new ecosystem will come from brands that invest in individually focused marketing and helping customers navigate their buyer's journeys and tasks on their to-do lists.

Consumers are enthusiastic about the promise of advertising as a service. Some of the most useful capabilities consumers see are about getting the right marketing for them.

Research shows that more than half of consumers expect that by 2020 companies will anticipate their needs and make relevant suggestions before they make contact.² These expectations only rise as the age of a respondent drops. While the appeal of more generic advertising via digital assistants is limited, there is significant appetite for help in finding the right products and services at the right price.

This is demonstrated by a general willingness to exchange time and data for value. 70% of respondents say that they would be willing to trade their personal information to receive deals and recommendations if they were specific to them or their preferences. Digital assistants will be a means for deep information about the customer throughout the decision journey. This will make them an unprecedented tool for obtaining insight and creating more personalized one-to-one marketing.

72%  say it would be **incredibly useful** if a digital assistant "can help find the options that are right for me."

(N=5,864)

Voice will start conversations, but won't always finish them

Mobile upended marketing in part because it radically changed the physical interface between businesses and their customers. The rise of voice is likely to do the same. Nearly 60% of adults between 35 and 55 use voice at least occasionally and that figure rises to 70% of people under 35.

Current users overwhelmingly believe voice interfaces will evolve and proliferate; 80% say they anticipate voice will soon be "everywhere in daily life." But growth in usage and increases in voice capability shouldn't obscure the reality of many user experiences; voice may start an interaction, but it isn't always the best medium for delivering information or engaging with a complex purchase process. In scenarios requiring consideration, such as comparing deals, lists of options and reviewing a product like clothing, respondents express a preference for screens over voice at roughly a two-to-one ratio for making the final decision.

Today, the voice skills delivered through various digital assistants are early to market and usage is light at 26% when compared to the size of the potential audience. However, over 40% of those who have used voice skills already say that they will soon expect any company that has a mobile application to also offer them.

² Salesforce, [The State of the Connected Consumer](#), 2018

A timeline of opportunity

Customer service is the first use case for most businesses for voice assistance. Using the emerging UI of voice and increasing sophistication of assistants, organizations are working to speed or eliminate many routine inquiries, cutting costs and improving customer experience.

Personalization based on user context is the unique opportunity and challenge presented by digital assistants as their role in consumers' lives expands. Taking advantage will require brands to understand implicit and explicit signals in real time.

Assistants will eventually become proxies for their users. Brands will get access to first-party information from individuals who aren't known customers. This will allow brands to personalize based on true context, instead of reacting uniformly to all inquiries or piecing together low quality customization based on limited information.

Assisted and automatic buying offload parts of the purchase process to assistants, shifting the emphasis from the product to the process. In many scenarios, the ability to ask for and receive a product or service with minimal friction may supersede brand and best price. Assistant-enabled purchasing in low risk scenarios will be an early in-road to becoming a default brand.

In all sectors, the long-term use case for digital assistants is predictive commerce. Brands will be able to compare an individual's history and context with customer patterns to identify optimal offers and likely outcomes.

“Digital assistants and voice will help us meet customer needs in that critical moment when the experience is in jeopardy.”

- *Financial Services Executive*

Voice skills will enable a direct, real-time channel between brands and their customers that is unique in marketing because of the two-way nature of conversational commerce and service.

They will also provide a point of access to customers at the most important point in their experience – when something is going wrong. Unlike the cumbersome and time consuming service call, voice will let brands attend to the majority of issues in an experience that is led by the customer and enabled by the skill.

As brands consider how voice will play a part in customer journeys, they will need to determine how best to provide the necessary answers and actions in the right medium. Fortunately, they will have contextual guidance from the assistant, such as whether the person is in motion, at home or at the office.

Connecting with customers in a value-based ecosystem in real time

As digital assistants take on the role of intermediary between a person and their digital life, they will become proxies for the individual. Much as brands learned to conform to the search algorithms that connected consumers with content, they will have to think about marketing in this new ecosystem.

Like a search engine, the assistant will assess an offer based on two sets of information, one from the brand describing it, and the other from the individual about their interests.

“The assistants will be in a position to do a much better job of collecting feedback across every step of the customer's journey. Instead of cumbersome surveys the assistant can ask travellers through a simple interface and make assumptions based on their behavior.”

- *Travel Executive*

The assistant will be aware of preferences, rituals, sizes and related product histories. A typical search query like “large men’s shirts” could become “professional, 45 year old man, shirts, 16½ neck, tapered, no blends, no pattern, brands x,y and z, available for same day shipping to 1234 A Street” and so on.

Brands will benefit from this specificity, but only if they can effectively appeal to the demands of this new digital personal shopper. In current terms, the digital assistant will have good first-party data an individual has produced across multiple digital interactions.

For brands, this is the most exciting and challenging aspect of the customer relationship, intermediated by digital assistants.

The data they provide will tell brands more about the customer in context and in the moment than they’ve ever had.

Brands will have to compete fiercely to get access at the right moments, but the ability to estimate conversion and lifetime value will move much closer to science than the half-art it is today.

However, to take advantage of these conditions will require organizations to perfect how they collect, manage and interpret data and enable assistants with data feeds. The practice of buying shelf space won’t work; brands will have to earn attention based on providing important product information (like prices, deals, user reviews), and how they surface the deep and broad information to digital assistants.

Findings in this paper are based on research conducted by Econsultancy for Microsoft. This included a survey conducted online from May 23rd to June 5th, 2018 as well as qualitative interviews with senior executives charged with innovation across the automotive, travel, retail and financial verticals. The survey was fielded to select third party panels, where respondents were given an incentive to participate. The study closed with a random sample of 6,000 consumers, evenly distributed across North America and the United Kingdom. Findings for the full sample have a margin of error of +/- 3.3% at 95% confidence level.

Key Recommendations

1. Develop and promote voice skills

Like mobile apps before them, voice skills will go through a period where their limited audience delays investment from many brands. Low usage allows those that take early steps to experiment and learn without jeopardizing revenue and experience. As the numbers increase, those early movers will already understand how customers interact with voice, what they want from skills and which customer segments are drawn to the capability. Brands will also gain insights into how to effectively promote skills to existing and potential customers.

2. Advance chatbots to facilitate conversations with digital agents

The first wave of chatbots taught brands that consumers aren’t ready for interruptions, but they are eager for help in navigating complex or troublesome processes, especially on the go. Chatbots are rapidly becoming more powerful as AI has access to increasing pools of user data. Brands who use chatbots to facilitate conversations between customers and digital agents will have a powerful and rare internal capability that will position them to take full advantage of digital assistants as they proliferate.

3. Optimize for voice search

When we use voice to search, we aren’t looking for a list of possible answers, we want the right answer for us. Voice searchers use longer phrases, they’re more conversational and they assess success by the speed of the interaction. Voice search is fundamentally different, and brands need to understand its nuances before it becomes the norm.