



Is anybody there? Giving Conversational Commerce a voice

In a world digitising at great speed, voice activation and voice command are becoming increasingly commonplace. Ever smarter, connected devices comprising the Internet of Things are changing the ways we engage with technology, and voice activated personal assistants, speakers and services are increasingly our gateway to the digital world. Gartner predicts that by 2020, the virtual personal assistant-enabled wireless speaker market will be a \$2 billion business^[1].

[1] <https://www.gartner.com/newsroom/id/3464317>



Starting the conversation

In 2015, Uber launched the ability to request a ride through Facebook Messenger, creating the concept of Conversational Commerce and introducing consumers to the idea that messaging platforms could be used to interact with businesses to get customer support, ask questions and click to purchase - without leaving the app.

With Conversational Commerce, consumers engage with human representatives, chatbots or a mix of both to receive a personalised service. Companies then use these chatbots to send order confirmations, shipping and delivery notifications, and resolve customer service issues.

As messaging apps overtook social networks, with hundreds of millions of monthly active users^[2], Conversational Commerce took off and companies and consumers benefited from highly personalised interactions. More and more brands and retailers developed smart chat interfaces and chatbots

that go beyond simple purchase options to create bespoke experiences and keep customers updated in a way that feels much more personal.

Our own Masterpass-enabled bots drive more seamless shopping experiences on Facebook Messenger, using artificial intelligence technology to enable customers to interact with retailers, build their order and checkout securely. Similarly, specialist bots for banking help our customers have more natural conversations with consumers, provide personalised service, seamless user experience and contextual offers and awards.

With voice now becoming the dominant means of interaction within this brave new digital frontier, Conversational Commerce is primed for evolution. Consumers expect ever faster, easier and more convenient experiences and voice offers a unique opportunity for brands to deliver on this.

Is voice ready?

If Conversational Commerce is already established and voice assistants and smart speakers are already on the market, why isn't voice already dominating?

Everyone knows someone whose children have managed to order something through a smart speaker or has read a story about rogue assistants causing trouble and embarrassment for their users.

A proliferation of voice enabled devices does not necessarily equate to widespread use.

Clearly voice has the potential to be a very natural and convenient way to interact with technology and a powerful tool for companies to engage with their customers, but at the moment it's still largely relegated to searching for restaurants, checking the weather and dimming the lights.

[2] <http://www.businessinsider.com/the-messaging-app-report-2015-11?IR=T>

Having better conversations

We know that consumers value speed, ease and convenience and that voice can provide those things. We also know from experience delivering convenience through services, such as contactless cards and device payment, like Apple or Google Pay, that adoption relies on trust and ease.

It's a delicate balance between making sure that services are quick and seamless, but also provide a high degree of security, driving trust. Consumers value convenience above all else and meeting their expectations is key to driving mass adoption. Technology is making life easier – our role is to make it simpler and more secure.

In the case of voice, many consumers are nervous and we need to ensure that the payment is not invisible. Consumers need to understand the way their money is moved and companies must ensure transparent and clear processes that keep them in control and informed.

Getting this right has the potential to really enhance the consumer experience in Conversational Commerce by making interactions more intelligent, trustworthy and more personable. Voice has the potential to make the chatbots of today smarter and more helpful and to create assistants that genuinely make your life easier.

Voice will not deliver on this alone, rather it is the driver that, in conjunction with other channels, will elevate Conversational Commerce to new heights. Customer interfaces need to be reworked for voice and speed needs to be at the heart of every service; conversations happen in real time and consumers will no longer accept anything less. Make it easy to use and quick to respond and your customers will come.

Partnership is also essential. The first wave of virtual personal assistant-enabled smart speakers have shown us that the ecosystem makes or breaks the platform. Working with others to integrate new products and services and keeping the door open for partners and allies brings new ways to delight customers and create more bespoke experiences - all powered by voice.

Consumers want to know that their bank account won't be drained at the whim of their children, or an advert triggering their smart speaker. Companies need to consider how they verify that the user has the right to make payments, decide on thresholds for identification and decide what the payment process looks like. They need to create an environment that fosters trust in voice as a channel.

Trust and ease work in tandem; a delicate balance which is made easier by the application of passive biometrics and carefully considered user interfaces.



The wider conversation

A smooth handover between channels of communication, an “opti-channel” experience, is vital. Today’s digital Conversational Commerce revolves around the emerging use of chatbots and voice assistants, which combined with other technologies, does offer that experience.

Research shows that voice assistant technologies are indeed increasingly being adopted and assimilated by large numbers of consumers, which implies that this seamless integration can be achieved quite soon.

Mastercard research^[i] has found that 87% of US consumers are aware of voice and text agents and 66% have used them in the past, while in the EU, it is one in five consumers (21% shop, 16% make payments and 7% have banked). And, research from CapGemini^[ii] has found there is significant interest in using voice assistance for purchases across most product and services categories with interest levels high for ordering meals (56%) electronics (52%), groceries or personal care items (45% each) and banking (44%).

Other studies have also confirmed this direction that is already seen by Mastercard, with Walker Sands^[iii] research into voice-led commerce showing that one in five consumers (19%) have already made a voice purchase through Amazon Echo or another digital home assistant, and another third (33%) plan to do so in the next year.

While the US market is clearly ahead - 36% of smart speaker owners regularly use them to make purchases – the UK market is indeed slightly less mature with just 16%^[iv], but still a promising one. In particular,

CapGemini^[iv] estimates that spend via voice assistants will grow from 3% today to 18% of total expenditure in three years’ time. According to OC&C, in the US \$40bn will be spent through voice commerce by 2022 (\$5bn in the UK), representing 6% and 3% of all online spend.

These figures are exciting as they reflect a clear consumer appetite for more personalised digital interactions – what we now need to do when looking to the future is to find a way to keep that growth momentum and trend going.

Opti-Channel

Without the capability to offer Opti-Channel interaction, the real opportunity of Conversational Commerce cannot be realised.

Optimising the channel of communication to fit the context of the interaction, and ensuring a smooth handover, is crucial.

It can be as simple as an AI-powered chatbot automatically connecting a consumer to a human representative for final confirmation of the purchase of a big-ticket item. It can also be complex, like when starting a shopping query on a voice assistant, browsing options on a screen, engaging with a chatbot for more details, and finishing off with an email to confirm payment.



Giving customers what they need, where they need it, dramatically improves their experience.

Customer-centric conversations

As with any new technology developments, there are always great opportunities, but also a number of barriers that need to be understood and overcome.

Enabling seamless transitions between channels, building relationships that complement or even mirror those of the physical world, and ensuring the individual experience remains at the centre of the interaction (all whilst wrapped in an impermeable layer of trust and security) is an ambitious and tough assignment. All parties need to work together to make success happen. But it is this opportunity of a seamless integration between conversation and interaction that is equally increasingly attractive. The challenge is to accelerate the shift and successfully move from cold transaction to relationships (and retention) – especially as the pace and scale of change is too great.

Consumers have been moulding their channel preferences for years, and they now know how to quickly adapt to new ones. This is why allowing better and smoother interaction between various channels and devices, means that they will choose the means of communication that will be the smoothest and easiest to use for them. Conversational Commerce aims to replicate the familiar physical world experience where relevance, meaning, timing (e.g. of replies) are all suited to the context of the experience and which add up to 'conversational momentum'.

Giving customers what they need and where they need it, irrespective of which device they use, dramatically improves their experience. Conversational Commerce improves this experience and provides a robust, multi-layered, safe and secure approach as improvements gained in fraud detection allow for more focus on authentication and choice management across all various channels.

Conversational Commerce is all about enabling a more natural conversation. Even though we know it's a robot, conversation will have a natural flow, cadence, inflection, timing, etc., so it will feel right and seamless. Imagine, in just a few years with advances in Natural Language Processing (NLP) and integration of different systems and services, being able to ask "Siri, I'm in NY Times Square next week. Can you book me an interesting hotel and I'd like to go out for a nice dinner?" and know it will give you a trustworthy response.

In this more consumer focused transaction world visualisation is key. As experience comes first, visualisation needs to be highly optimised for consumer comfort and engagement and smart ways of reminding the customer who (or what) they are speaking with need to be employed. It's the ability to access customers' relevant data across many different channels that allows organisations to provide the right assistance in the most appropriate way with the right mix of man and machine. More complex and higher risk transactions may justify higher levels of scrutiny by customers and brands, but what is certain is that in such an intimate level of interaction full trust in the conversational partner is demanded.

Conversational Commerce is, essentially, a product of data being put through the correct analytical engines and expressed through the right channels at the right time and it is data that powers it all. However, storing some kinds of data could be seen as a liability as the mere act of storing – and with it, protecting – erodes

user trust especially as there is currently an increased outsourcing of decisions to autonomous machines. This further feeds the debate on the accountability and efficacy of machines using our data and their regulation.

As usage of Artificial Intelligence (AI) based advisors for commerce (and more) increases, the data pool and contextual learning capability is also enriched. Traditional models of ownership and the right to process and use digital data are at best debatable. At worst, they are now illegal under Europe's GDPR rules. Reforming data collection and use may be a short term hit for some companies, but a longer term, sustainable and ethically secure data practices are the only foundation for success.





"We're now at a point where this stuff is ready for prime time. The interesting question is whether consumers are ready?"

Andy Hobsbawm
co-Founder, Evrythng

From a whisper to a roar

We are a social species and the spoken word is the most natural and basic way we interact with each other. It's the clear evolutionary next step for Conversational Commerce, but it's a step that's proving slow and difficult to take. Artificial Intelligence and Natural Language Processing are making our tools more powerful, but it is the implementation that will make or break voice as a channel.

While it may be a few years before voice activated assistants can talk to us like real humans, there is valuable groundwork to lay today to ensure adoption doesn't stagnate and that consumers adopt voice services. Only by establishing trust today can we unlock the future promise of voice-driven Conversational Commerce and create better conversations between brands and their customers.

We also need to work on defining the playing field for our partner ecosystems and establishing the rules of engagement and regulations that support our services. These are big conversations and no one has all the answers today. It's about asking the difficult questions, experimenting and seeking answers from outside your own organisation.

Voice holds a great deal of potential if we can bring consumers on the journey with us. The technology is here and the payments networks that enable it are already in place. As Andy Hobsbawm, co-Founder, Evrythng notes: "We're now at a point where this stuff is ready for prime time. The interesting question is whether consumers are ready?" The evidence so far suggests that they are.

About this report

As a leading technology company in the global payments industry, Mastercard plays a unique role in supporting the digital lifestyles of today's connected consumers.

Whether one wants to go all in and embrace a cashless future now, or feels more comfortable keeping digital interactions to a minimum – the trust and ease the payments and transaction infrastructure that Mastercard and its network of partners has put in place, ensures that whatever choices customers make, they receive all support they need.

Through research and analysis of Conversational Commerce, Mastercard and Future Agenda have sought to illuminate this concept – providing insights and guidance on the future of not only online commerce, but real-world commercial interactions as well.

The work was conducted in April and May 2018 and was derived from five key inputs:

- 1 Existing Mastercard analysis
- 2 Future Agenda Desk Research
- 3 Internal interviews with selected Mastercard employees
- 4 External interviews with sector experts and participants
- 5 Future Agenda's open foresight resource

Sources

- [i] Source: Mastercard / Mercator study, 2H 2017
- [ii] Source: The Power of Talk - CapGemini, February 2018
- [iii] Source: Walker Sands, Future of Retail 2017 (US)
- [iv] Source: Talking Shop – the rise of voice commerce. OC&C, Feb. 2018
- [v] Source: The Power of Talk - CapGemini, February 2018
- [vi] Source: Talking Shop – the rise of voice commerce. OC&C, Feb. 2018