

Shopping at the speed of sound

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Mary Meeker 2016: Voice Search Is The Next Big Thing

Believe the hype when it comes to the rise of voice search soon eclipsing typing into a query box to find locations and products, according to **Mary Meeker**, the Kleiner Perkins Caufield & Byers venture capital analyst who's been forecasting **digital** trends since 1995.

The 213-page slideshow in the [2016 Internet Trends report](#) focuses much of its attention on the evolution of the automobile into a computer on wheels as well as the rise of China's internet generation and how both trends will significantly influence interactive services and consumer habits.

But in the area of online-to-offline commerce and discovery, the largest point comes in the area of search. The role of **Apple's** **digital** assistant Siri and the fast-growing sales of Amazon's speech-directed Internet of Things device, Echo (and its "Alexa" voice service), will have a tremendous affect on the evolution of shopping, Meeker says (*see slides 128-133*).

Shopping At The Speed Of Sound

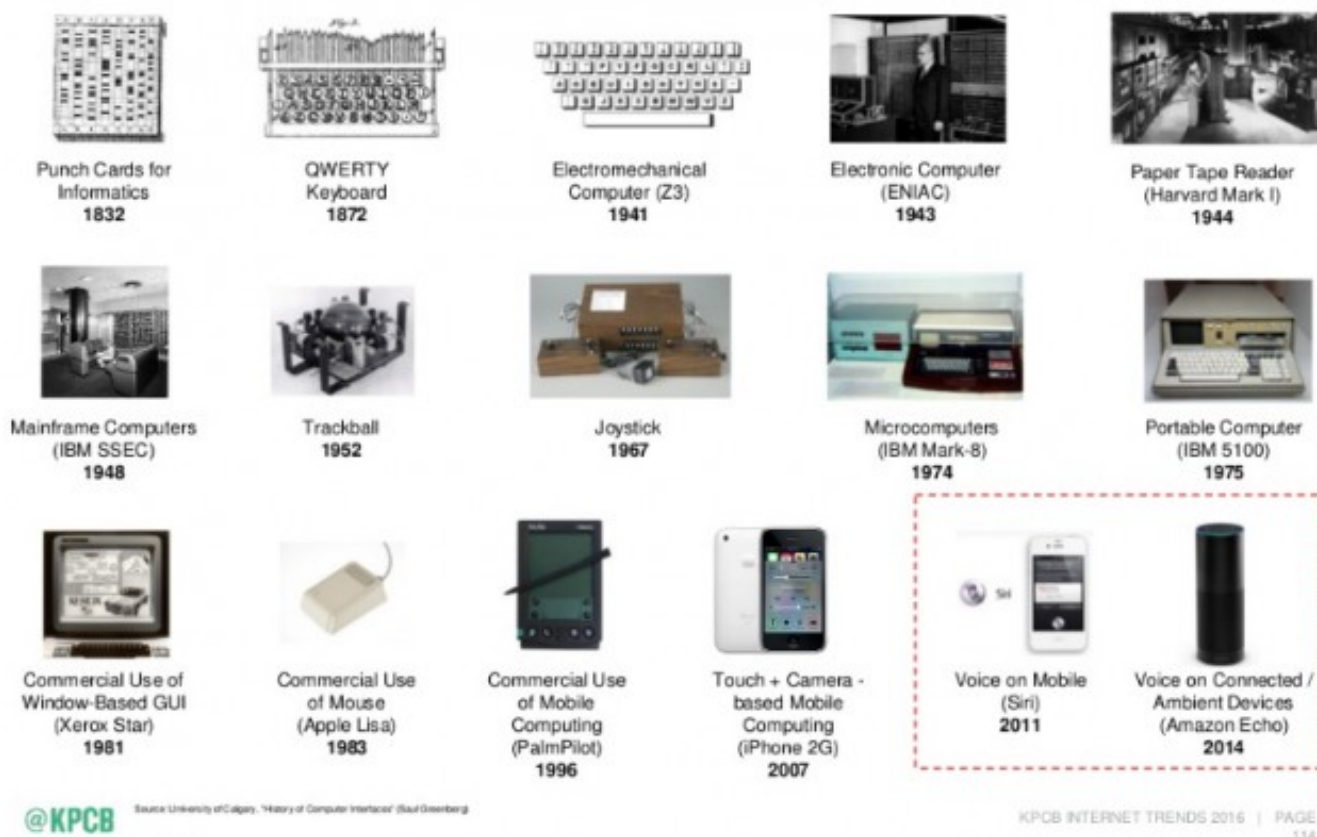
While only 4.4 million Amazon Echos have been sold so far, a million of those devices were bought in Q1 2016 alone, Meeker notes. And given Amazon's reach with roughly 54 million Prime members, according to Consumer Intelligence Research Partners, the number of Echo owners is expected to increase rapidly.

The use of voice search on Amazon and other devices will spur more purchases made with the assistance of voice search, Meeker adds.

"Leveraging proliferation of microphones throughout the house to reduce friction for making purchases... [it is] 3x faster to shop using microphone than to navigate menus in mobile apps," Meeker says in the report.

While Meeker is betting on Amazon's Echo to dominate the voice search field, **Apple** and **Google** are attempting to catch up. The battle could have big implications for retailers who have grown to rely on mobile "near me" and "micro-moments" searches for their discovery strategy.

Human-Computer Interaction (1830s – 2015), USA = Touch 1.0 → Touch 2.0 → Touch 3.0 → Voice



Putting the growth of speech-based search into a wider perspective, Meeker cites **Google Trends** that keywords associated with “voice-related commands” have risen 35x since 2008, when **Apple** and **Google** first unveiled their respective speech-activated controls.

Local Voices

As Amazon seeks to be the ultimate one-stop **digital** resource for everything from household goods to major purchases, the test for **brands’** successful management of their **digital** and physical presence will become more crucial.

One possible advantage for physical retailers: Roughly 90 percent of all shopping happens in a store. And voice searches have typically reflected immediate and local needs like a quick bite to eat or repair services.

In highlighting the growing importance of speech vs. keyboard for businesses, **Christi Olson**, **Microsoft** Bing Ads Evangelist, [told GeoMarketing](#) earlier this year that for individuals searching through voice on the mobile web, roughly 40 percent had a local element to what they were trying to get to.

Person to Machine (P2M) Voice Interaction Adoption Keys = 99% Accuracy in Understanding & Meaning + Low Latency

*As speech recognition accuracy goes from say 95% to 99%, all of us in the room will go from barely using it today to using it all the time. Most people underestimate the difference between 95% and 99% accuracy – **99% is a game changer...***

No one wants to wait 10 seconds for a response. Accuracy, followed by latency, are the two key metrics for a production speech system...

● **ANDREW NG, CHIEF SCIENTIST AT BAIDU**



Source: Andrew Ng, Chief Scientist, Baidu.
Note: P2M = person to machine.

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“They’re trying to find something place-based: ‘Get me to this location. Where do I find this? How do I get there? What is a local restaurant in this area?’” **Olson** said. “Local search is at a huge point right now in terms of where mobile and voice helping drive mobile search so it’s really important for advertisers to understand that. Making sure that they’re aware so that you can target that.”

The Millennial Future

Naturally, Millennials, as native **digital** users, are shaping the direction of interactive services, from on-demand to voice controlled IoT. Meeker devotes several slides to the 68 million people born between 1981 and 1996. For one thing, Millennials’ median household income is \$62,066 — and they largely “earn to spend.”

And that group has large driven e-commerce spending from 1.5 percent of all shopping to roughly 10 percent today.

What does that trend mean for retailers?

“[There is] less differentiation between products/**brands**/retailers,” Meeker writes, as technology, media/**marketing**, and distribution functions are increasingly “intertwined.”

For Meeker, “omnichannel is the key” as online retailers rush to follow [brands like Warby Parker](#) into the physical store realm. But there’s a note of caution: the age of the “superstore” or mall is clearly declining. In defining the foundation of an omnichannel strategy, retailers need to realize their space wisely through the use of tech as a means of discovery.

In her comparison of successful physical retailers, **Warby Parker** comes in second place with \$3,000 in sales per square foot (**Apple** is first with \$5,546 in sales dollars per square foot).

One area where technology comes in for the purpose of store discovery is in the case of sharing content. Meeker highlights Stitch Fix for applying “**Netflix**/Spotify-like content to fashion.”

“Each customer gets a 99.99 percent differentiated experience” through data collection that sends products to consumers homes. Retailers that can replicate that Amazon ability to recommend specific products along with the pleasures of the store showroom, will be around for the next several Internet Reports.