

SMART SPEAKER CONSUMER ADOPTION **REPORT**

MARCH 2019

U.S.



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About Voicebot

Voicebot produces the leading online publication, newsletter and podcast focused on the voice and AI industries. Thousands of entrepreneurs, developers, investors, analysts and other industry leaders look to Voicebot each week for the latest news, data, analysis and insights defining the trajectory of the next great computing platform. At Voicebot, we give voice to a revolution.

Methodology

The survey was conducted online during the first week of January 2019 and was completed by 1,038 U.S. adults age 18 or older that were representative of U.S. Census demographic averages. Because we reached only online adults which represent 89% of the population according to Pew Research Center, some totals are adjusted downward to provide device and usage numbers relevant to the entire adult population. Other findings are relative to device ownership and do not require adjustment.

About Voicyfy

Voicyfy is the market leader in voice experience management software that combines voice optimized content management, cross-platform deployment, and voice-specific customer insights. The Voicyfy Voice Experience Platform™ enables marketers to connect with their customers by creating highly engaging and personalized voice experiences that are automatically deployed to a broad array of voice platforms such as voice assistants (Amazon Alexa, Google Assistant and Microsoft Cortana), chatbots and other services. The platform enables non-technical users to deploy feature-rich voice applications quickly and efficiently while offering the flexibility of unlimited customization.

Voicyfy.com



One in Four U.S. Consumers Have Access to a Smart Speaker Today

Smart speakers continued to be popular in 2018 keeping up a torrid pace of consumer adoption. In January 2018, there were 47.3 million U.S. adults with a smart speaker and by the end of the year that rose to 66.4 million. That means 26.2% of all U.S. adults have access to a smart speaker.

Moving Past Early Adopters

The number of smart speakers per user also rose more than 10% from 1.8 in 2018 to 2.0 in 2019. That suggests there are about 133 million smart speakers in use in the U.S. today. However, the expansion in smart speaker ownership has also brought in more casual users. Whereas over 60% of smart speaker owners in January 2018 identified themselves as daily users, less than 50% did so a year later. And, the number of device owners that claim to use their smart speakers never or rarely doubled to 26%. That seems like a natural evolution of early adopters being more frequent users than the early majority users coming afterward.

Regardless, when more than one-in-four consumers are using a device and its voice assistant, the media, brands, game makers, service providers, independent developers, and even governments are sure to take notice. This recognition is playing out with more voice apps published. The number of Alexa skills rose by 2.2 times to nearly 60,000 in the U.S. alone in 2018. During the same period Google Actions grew at a slightly faster rate of 2.5 times to over 4,000.

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A Different Smart Speaker Ecosystem, but the Same Leaders

Voicebot reported in the fall of 2018 that Phase 1 of smart speaker adoption was over and we were entering Phase 2. The second phase is characterized by the influx of more casual users but also by the introduction of new product form factors and new manufacturers.

The most significant of these changes has been the emergence of smart displays. When Amazon was the only manufacturers of these voice-first devices with display screens, adoption was minimal. However, the introduction of Google Assistant enabled smart displays has helped drive sales, including Amazon, as it brought more attention to the product category.

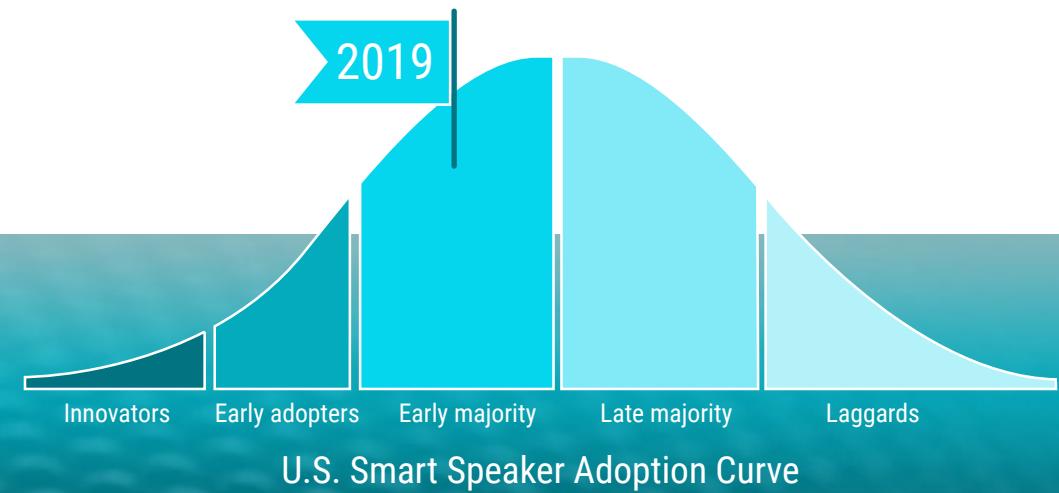
There are also many more manufacturers today than in 2017. Big names in audio such as Bose, Bang & Olufsen, and Klipsch all entered the smart speaker segment in 2018 offering more consumer choice. However, the most significant new smart speaker launch in 2018 was Apple HomePod. That appears to have captured a significant number of new sales in Q1 and Q2, but seems to have tapered off in Q3 and Q4. Although Apple was threatening to break up the smart speaker duopoly, it appears that Amazon and Google enter 2019 nearly as strong as they did in 2018 by maintaining 85% in total installed base market share.

Smart Speakers are Solidly in the Early Majority Market

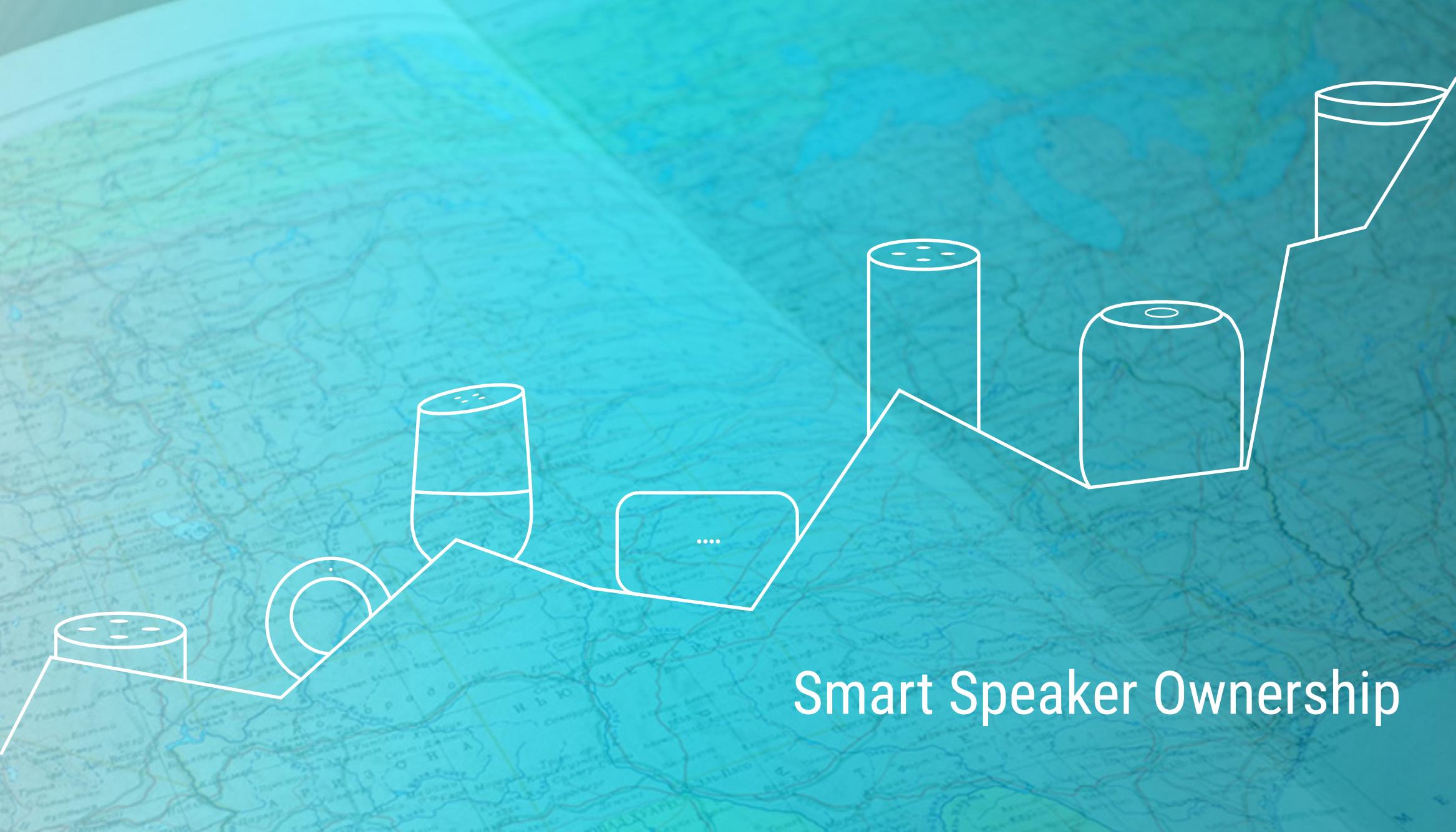
One way we can put the current state of smart speaker adoption in perspective is to consider a standard technology adoption lifecycle first developed in the 1950's at Iowa State University and popularized in the 1990's by Geoffrey Moore.

The model posits that about 16% of the user population will be "innovators" and "early adopters" followed by 34% that will be among the "early majority." With more than 26% population adoption, smart speakers are securely in the "early majority" segment today.

An interesting aspect of moving along the adoption curve is that later adopters have different preferences than early adopters. Two areas of difference are typically placing higher value in broader feature sets and integrations with other devices. You should expect to see smart speaker makers emphasize features, convenience of access, and third-party integrations more in the coming year.



Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019



Smart Speaker Ownership

U.S. Smart Speaker Owners Rise 40% in 2018

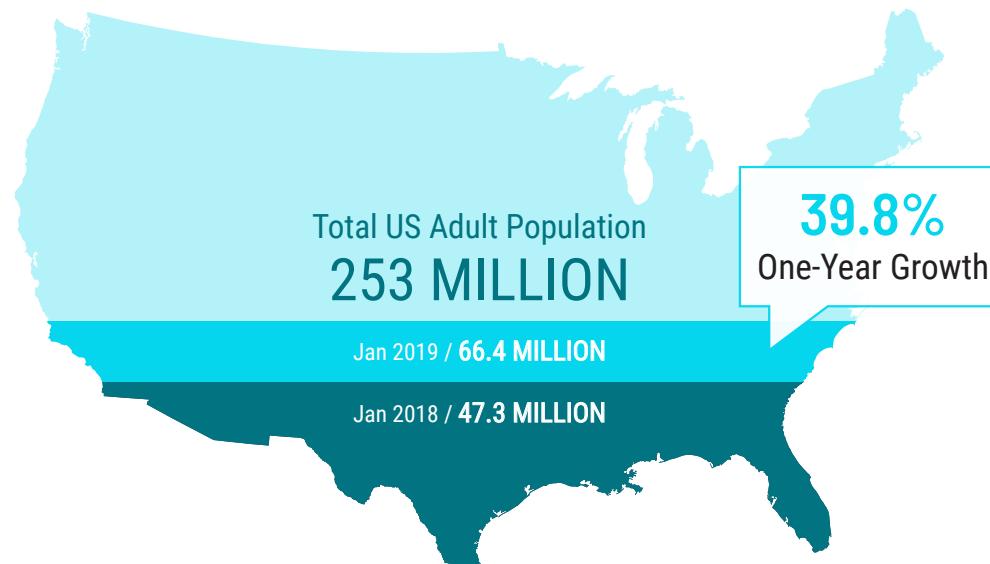
The percent of U.S. adults that own smart speakers rose 40.3% in 2018 climbing from 47.3 million to 66.4 million during the year. This increase means more than one-in-four U.S. adults now have access to a smart speaker based voice assistant.

We have moved past the notion that smart speakers may be a novelty as they are now in such widespread use that one-in-three smartphone owners have one. It took fewer than four years for smart speakers to achieve 25% adoption from the initial introduction restricted to Amazon Prime members. And, it

was under two years from the time when there was more than one manufacturer participating in the category to reach that milestone.

CES 2019 reaffirmed that including a smart voice assistant is no longer a differentiator for home speaker makers. Like Bluetooth before it, making speakers smart has become a must-have feature. We now have dozens of smart speaker models from numerous manufactures, but soon will have hundreds to choose from even if 85% of users favor just two device makers.

U.S. Adult Smart Speaker Installed Base January 2019



Amazon Echo Leads But Google Home Narrows the Gap

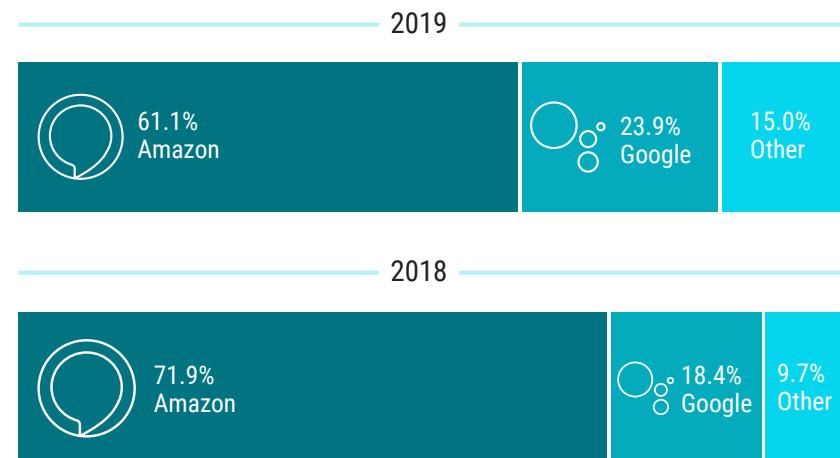
Amazon continued to have the leading installed base of smart speakers in 2018 despite its market share shrinking from about 72% to 61%. Google was a big mover shifting from 18.4% to nearly 24%, accounting for precisely half of Amazon's market share decline.

The "Other" category was led by Apple and Sonos, and overall the non-Amazon, non-Google device market share rose by 50% over 2017. More than half of this growth is attributed to Apple HomePod which had a strong debut in the first half of 2018, but then tapered off in sales as the year went on. There were several new smart speakers introduced in 2018 and many focused on sound quality. It appears consumers are open to adding these higher end smart speakers to their device collection as over three-quarters of "Other" category smart speaker owners also report having either an Amazon Echo or Google Home device.

Sonos went public in 2018 and was clear in its investor documents that voice assistant integration was critical to the company's future competitiveness. However, the inability to launch a Google Assistant enabled speaker may have hurt its appeal with consumers as the company's overall smart speaker market share fell during the year. We can surmise that most of the Sonos fans that wanted an Alexa-based speaker already bought their device in 2017. As the overall market expanded in 2018, few additional Sonos One devices were purchased and the company's relative market share fell. Adding Google Assistant support in 2019 may help reverse this market share slide.

harman/kardon

**U.S. Smart Speaker Market Share by Brand
January 2018 & 2019**



Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019

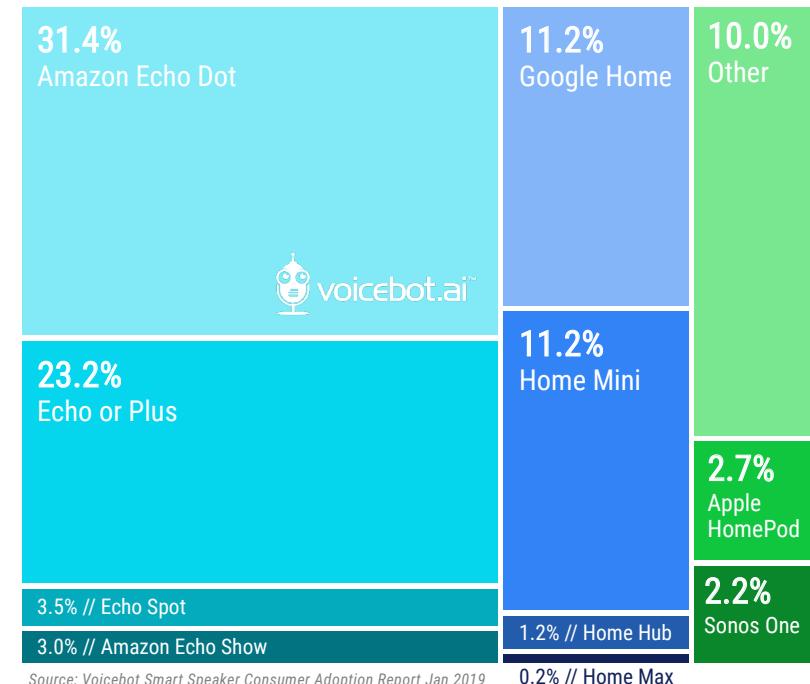
Low Price Speakers Account for 43% of Market

Amazon Echo Dot is the most widely adopted smart speaker by a significant margin. The sub \$50 list price device is frequently available for less than \$30 and refurbished models can be acquired for under \$20. This device has proven more popular than Amazon's higher priced offerings such as the Echo, Echo Plus, Echo Spot, and Echo Show.

In the Google portfolio, the Home and Home Mini appear to be equally popular with 11.2% share each. There are likely to be more Home Minis in use today in terms of total devices as this analysis reflects the number of users with access to a device. If you have one Home and three Minis, you are counted as one in each category. And, this may be common as 87% of Google smart speaker owners report having both devices.

Apple HomePod and Sonos One lead with smart speaker market share in the "Other" category. It appears that smart displays with Google Assistant along with the introduction of Apple HomePod in February 2018 were the key drivers leading to a 50% growth in this category during the year. Keep in mind that aside from HomePod, the "Other" category devices all have Alexa or Google Assistant on board, so the dominance of Amazon and Google voice assistants extends beyond their own products.

U.S. Smart Speaker Market Share by Device - January 2019

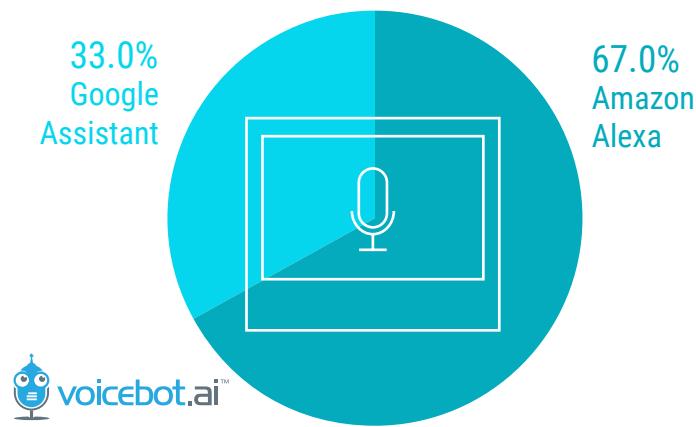


Smart Display Ownership Rises Quickly, Amazon Leads

The Amazon Echo Show debuted as the first smart speaker with a display screen now known as a smart display in June 2017. Later in 2017, Amazon also launched the smaller Echo Spot. With Amazon as the single smart display manufacturer, only 2.8% of all smart speaker owners had adopted one of the devices in 2017.

This figure rose rapidly in early 2018 as Amazon engaged in aggressive discounting of the devices and then later in the year after manufacturers starting introducing smart displays driven by Google Assistant. By year-end 2018, smart displays were owned by 13.2% of smart speaker owners, a 558% growth rate in total installed base from about 1.3 million to 8.7 million.

U.S. Smart Display Market Share 2018

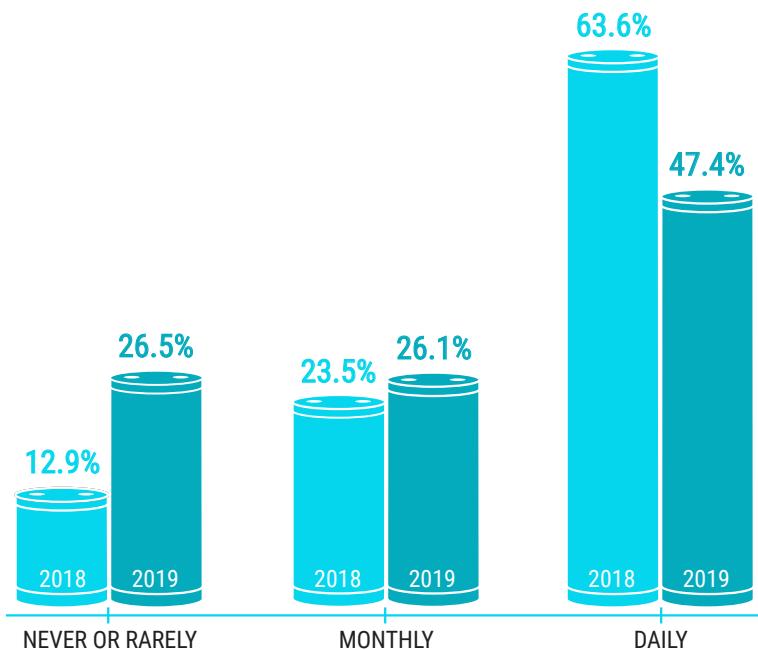


U.S. Smart Display Adoption by Smart Speaker Owners



Today, smart displays in the U.S. are either Alexa or Google Assistant enabled regardless of the manufacturer. Although Amazon doesn't have many third-party smart display OEM partners, it has maintained 67% market share in the category. That means Google Assistant enabled devices rose from zero to one-third market share in less than six months. This may have risen faster if Google's smart display, the Home Hub, had launched earlier in the year. Despite not appearing for sale until October 2018, Home Hub captured 38.5% of Google Assistant smart display sales.

U.S. Smart Speaker Frequency of Use 2018



Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019

New Smart Speaker Owners are Less Likely to be Daily Users

Maybe the biggest change in the composition of smart speaker owners is the influx of more casual users of the devices. Nearly 64% of device owners in January 2018 reported being daily users. In January 2019, that number fell to only about 47%. Monthly users were fairly similar with the offsetting difference being the infrequent users which rose from 13% to over 26%.

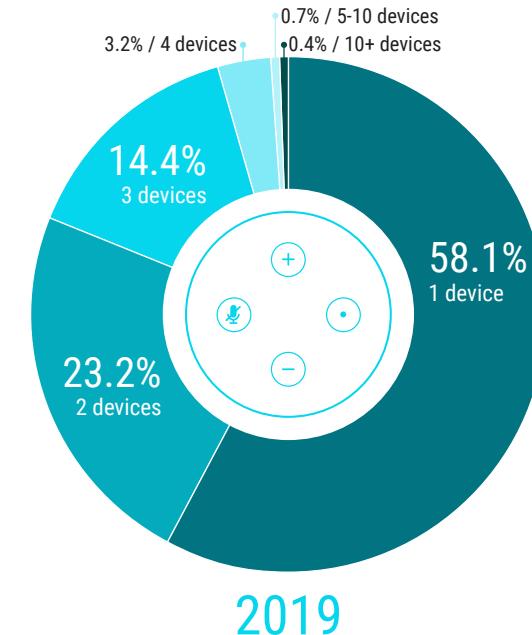
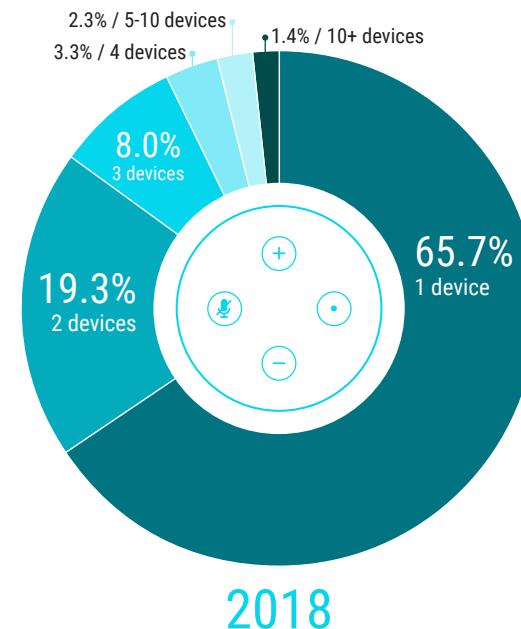
This seems like a natural progression. Early adopters of technology are more likely to incorporate them quickly into their daily habits than consumers that tend to adopt later. However, this will be a metric to monitor going forward. Three out of four smart speaker owners still report being monthly active users. As long as we see that type of consistent usage along with continued growth, smart speakers will continue to grow in importance as a voice assistant channel for consumer engagement.

Smart Speakers Per Household Rise to 2.0

Over 40% of smart speaker owners now have multiple devices. That is up from 34% in 2018. Households with two, three, and more than five devices all rose in 2019 as a percentage of all smart speaker owners. This change suggests that many households are finding utility in smart speakers being nearby.

The data indicate that the industry sold about 48 million smart speakers in the U.S. in 2018 bringing the total in use to about 133 million up from about 85 million at the end of 2017. Of the 19 million new smart speaker owners, 31% have purchased multiple devices. That compares to 49% of U.S. adults that have owned smart speakers for more than a year and have multiple devices.

Smart Speakers Per Household - U.S.

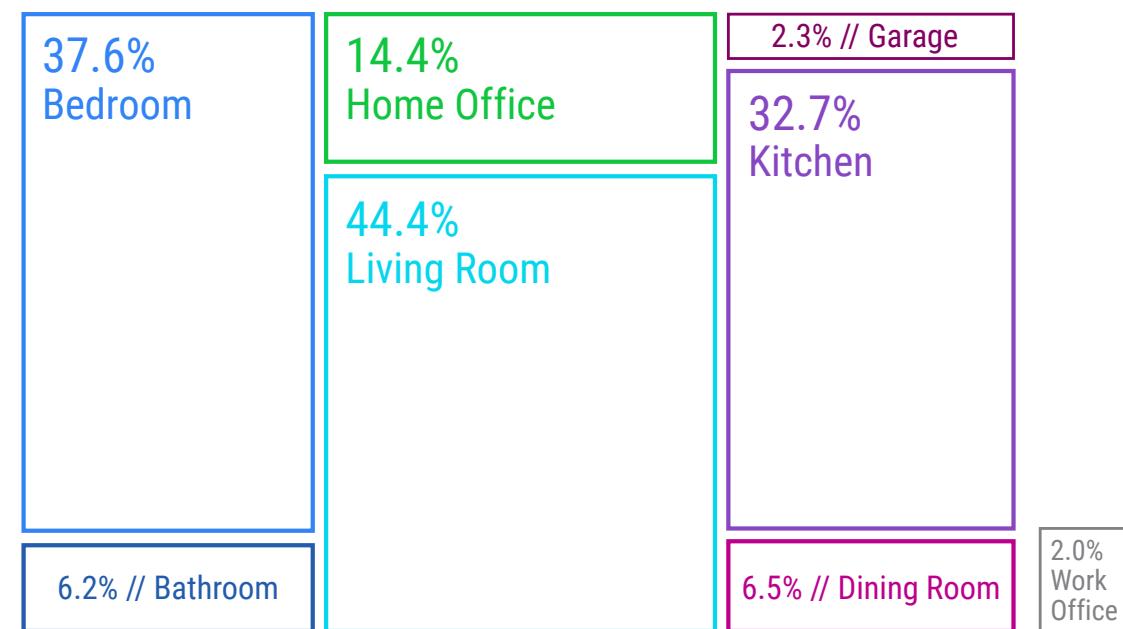


Living Room and Bedroom are Most Popular Locations

For the second straight year, the living room was the most common location for smart speakers. At just under 45% it was ahead of the bedroom at 37.6% which had about the same percentage as last year but moved up from third to the second most popular spot. Third place went to the kitchen. At right around 33%, the kitchen seems to have fallen from favor a bit among smart speaker owners. It's still popular, but down from 41% in January 2018.

Most of the other locations were fairly similar to last year with the exception of the home office which grew by about one-third. As consumers have been adding more smart speakers to their collection, the home office seems to be a common second location.

Where Consumers Have Smart Speakers



Note: Multiple responses accepted, numbers total more than 100%

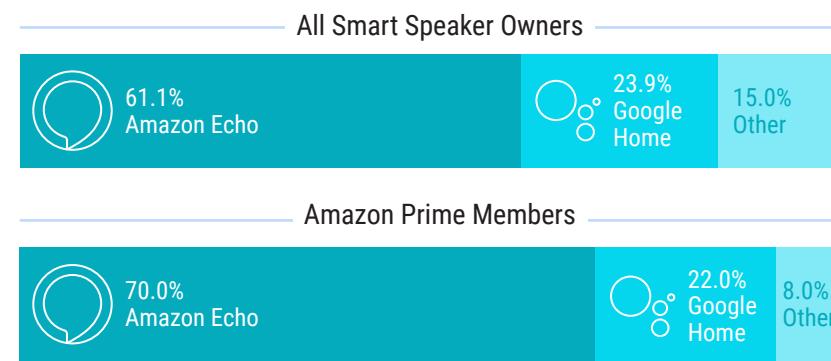
Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019

Amazon Prime and Gmail Users More Likely to be Smart Speaker Owners

AMAZON PRIME

It will surprise few people that Amazon Prime members are 50% more likely to own a smart speaker and more likely to own an Echo branded device. Amazon Echo smart speakers command a 70% market share among Prime members, but surprisingly also adopt Google Home products at almost a 22% rate. Non-Prime members are more likely to adopt third party smart speakers made by manufacturers other than Amazon or Google.

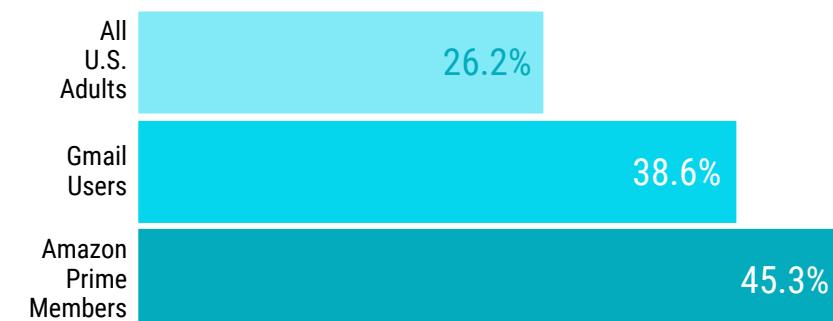
Amazon Prime Member Smart Speaker Market Share
U.S. 2019

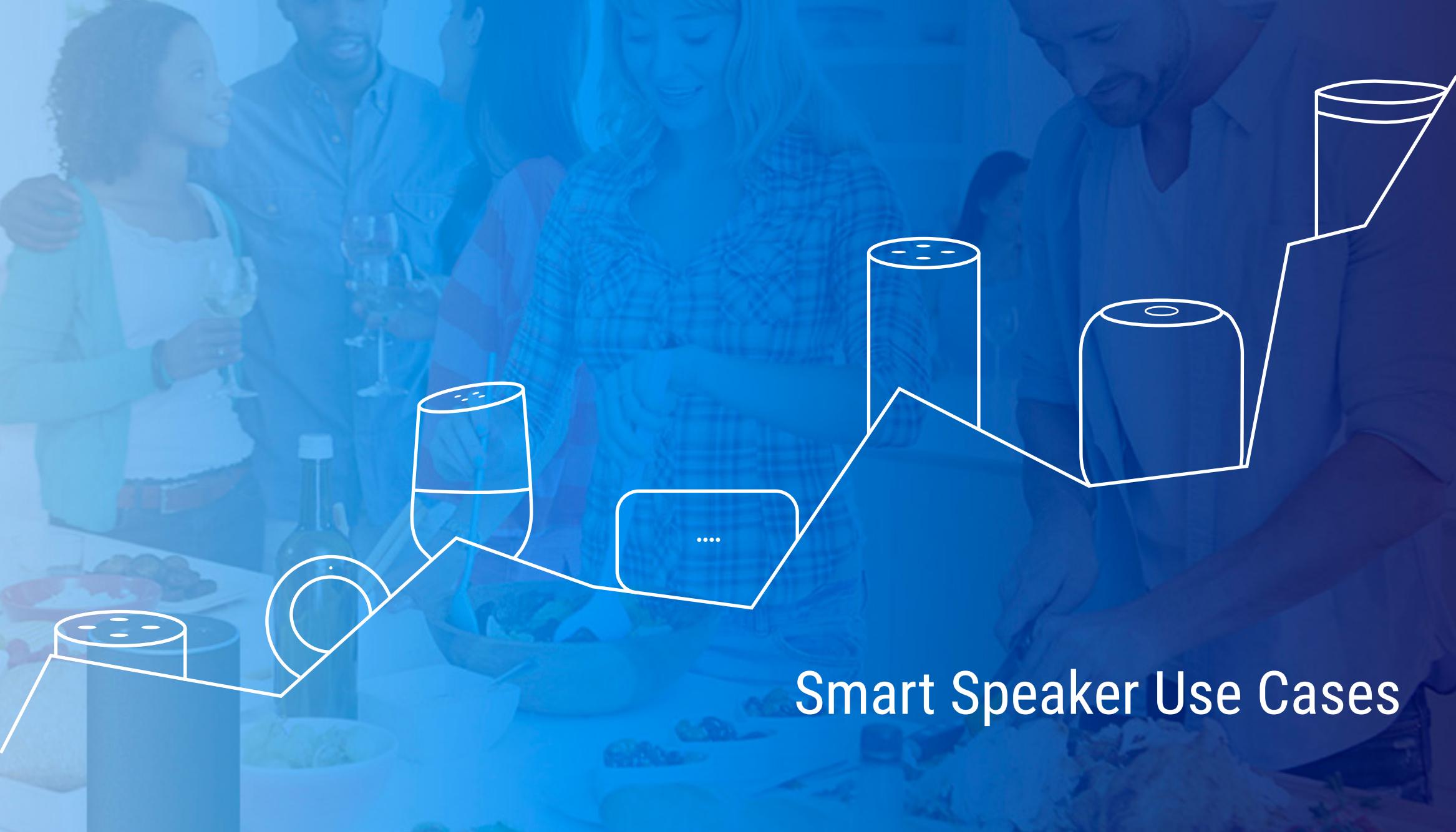


GMAIL USERS

Gmail users are also more likely than all users to own a smart speaker, in this case by about 31%. However, Gmail users are no more likely than all users to own a Google Home device. In fact, they are almost exactly representative of all users when it comes to Amazon, Google, and third-party branded smart speakers. Whereas a Prime membership and Gmail use suggests a bias toward early technology adoption, only the Prime membership seems to materially influence consumer choice of smart speakers.

U.S. Smart Speaker Ownership Rates





Smart Speaker Use Cases

Questions, Music, & Weather Still Reign Supreme

For the second straight year, asking general questions is the top use case most commonly tried by smart speaker owners. However, it is not the top use case employed on a monthly or daily basis. That distinction goes to listening to streaming music services as it did in 2018. Third place both years was asking about the weather which is followed by Timers and Alarms in the fourth and fifth positions. Number six in 2019 was listening to the radio.

You may have noticed that four of the top five use cases are what are considered first-party services. That means they are provided by the voice assistant natively. Two of the top six use cases involve music which are third-party entertainment services. Positions 7-9 all go to the more traditional third-party services, many of which were made by independent developers of Alexa skills and Google Actions. So, the order of use frequency at a category level are first-party utilities, third-party entertainment, and third-party apps and services.

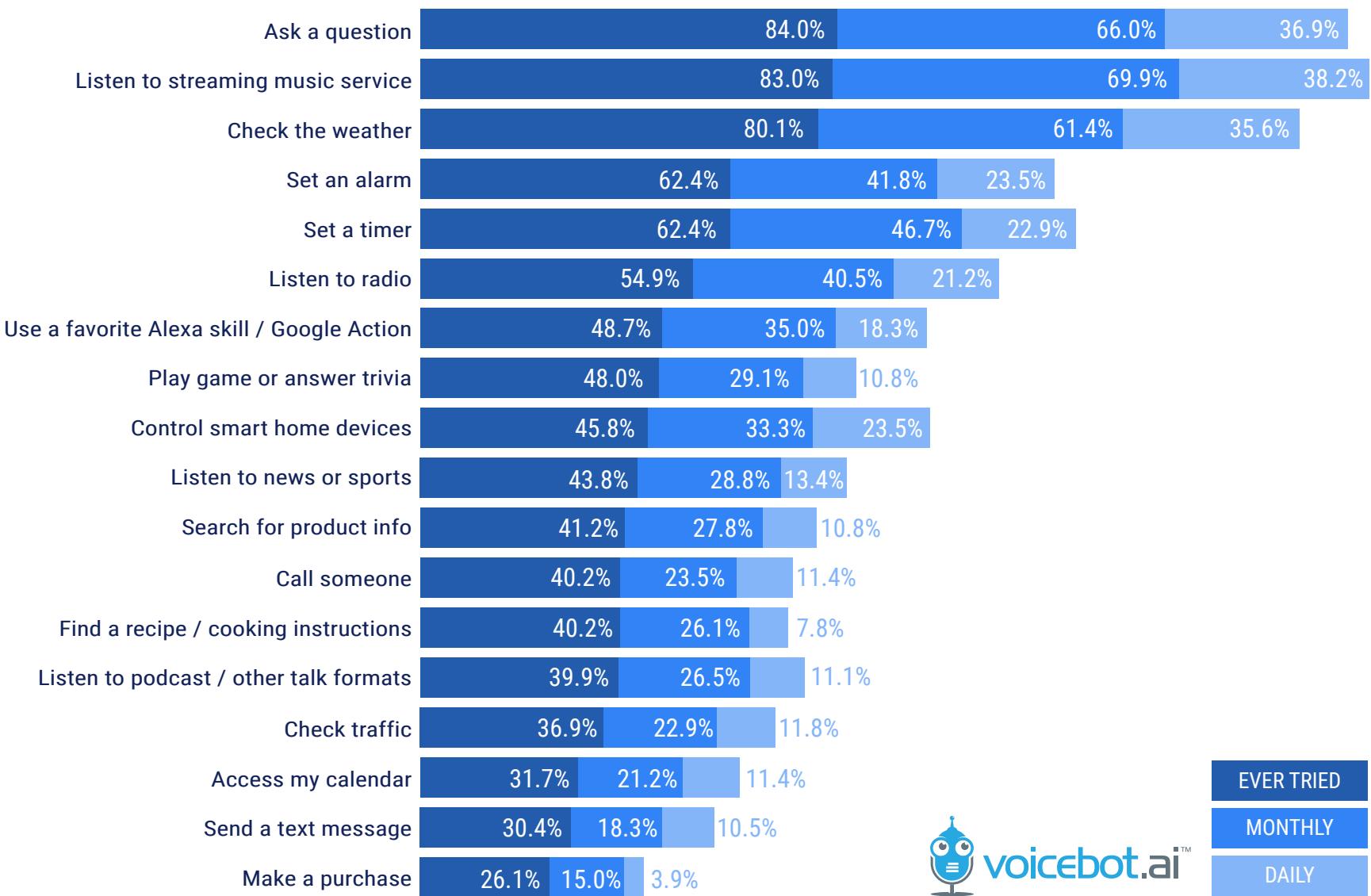
Frequency Sometimes More Important Than Trial

You will notice that many analyses of smart speaker use only focus on what users have tried. This offers a pretty solid guide to what users value, but not

always. When you look at monthly and daily use, it provides a far more accurate indication of why consumers are using the devices and in many cases why they may be buying a second or third smart speaker for the home. For example, nearly one-in-four smart speaker owners say they set an alarm to play on their smart speaker daily. That would suggest a device location for the bedroom may become increasingly important.

The biggest variance is smart home control which is ninth in terms of "ever tried" and fourth for "daily active use." You must have a smart home device to use this feature so that automatically eliminates some people from trial. However, controlling lights or thermostats are already daily functions and if you have smart home devices for these features, then switching your habits from smartphone app control to voice interaction is a relatively easy change. What smart speaker and voice assistant developers want to see is consumers using these devices frequently and incorporating them into daily routines. This not only leads to a higher perception of value by consumers but also leads to stickiness which means the devices are less likely to be removed or swapped out by consumers for a competing product.

Smart Speaker Use Case Frequency January 2019



Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019

Smart Home and Voice Commerce Rise

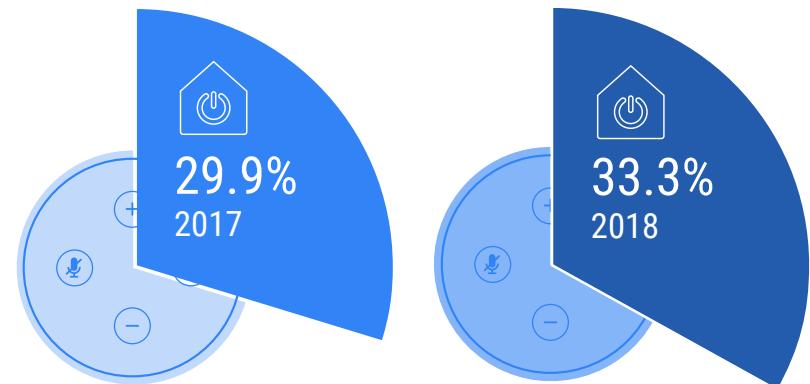
SMART HOME

Smart home use cases were a notable mover between 2018-19. In 2018 it was the fourteenth most common use case and it rose to ninth in 2019. Over 45% of smart speaker owners have used them to control smart home devices up from only 38% in 2018. And, one-third of smart speaker owners report now using voice for smart home device interactions on a monthly basis, up from 30% in 2017. At one time, it was assumed that smart speaker adoption was being driven by smart home aficionados. It may be that the large audience of smart speaker owners is now the key catalyst for further smart home adoption.

VOICE COMMERCE

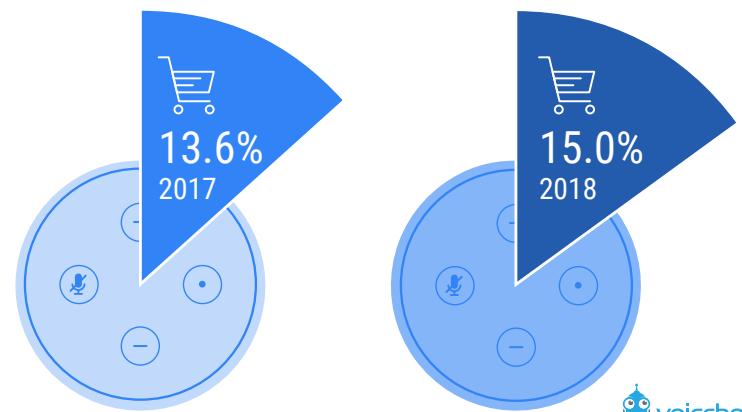
Voice commerce was a mover for a different reason. It had the lowest frequency of use cases tracked this year. However, it also showed relative growth in monthly active users during 2018. Monthly active users rose 10.5% from 13.6% to 15.0%. This is still a relatively new use case that consumers are becoming accustomed to, but the growth is indicative of the utility of shopping by voice. And, this isn't just users searching for products. The responses were specific to making purchases. When it comes to product search, over 40% of users have attempted this use case on smart speakers and 28% do so monthly. These are figures that are increasingly difficult for consumer brands to ignore.

Monthly Active U.S. Smart Home Users on Smart Speakers



Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019

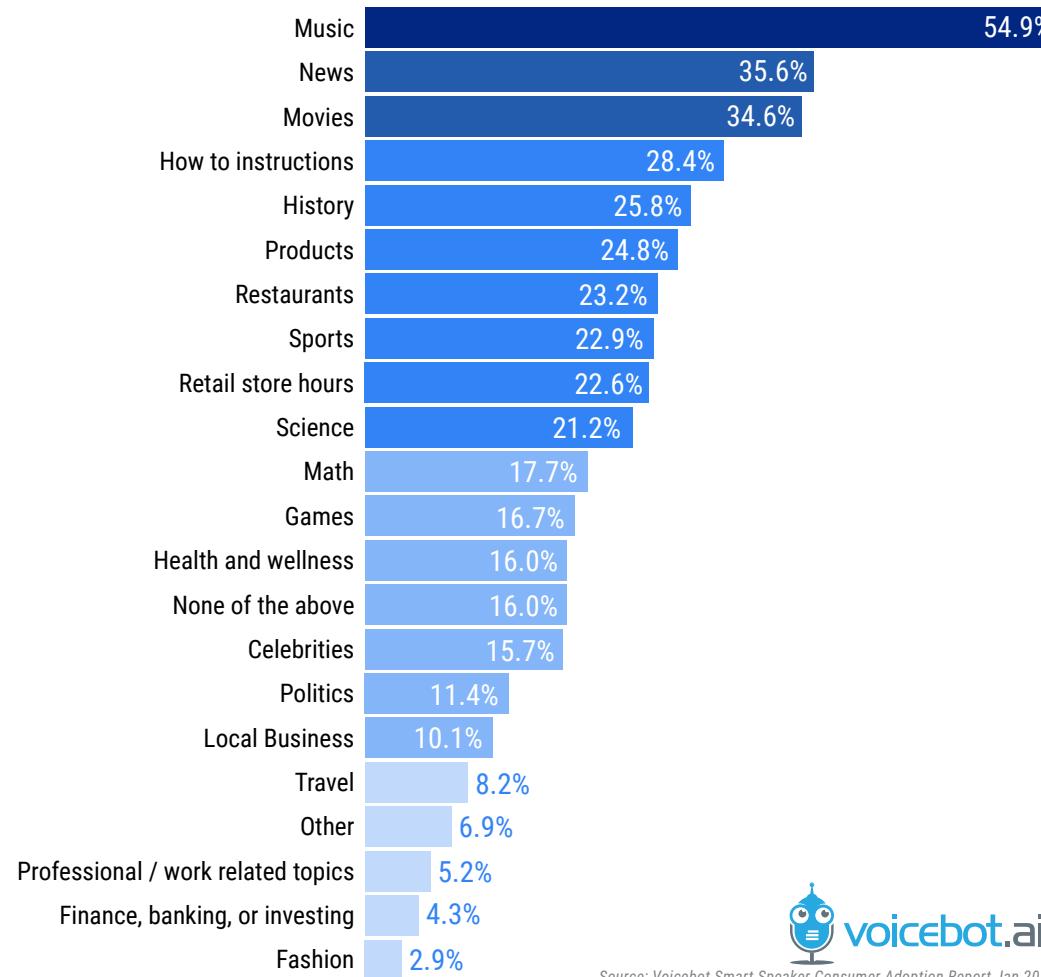
Monthly Active U.S. Smart Speaker Voice Commerce Users



Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019

Music, News & Movies Categories Lead in Question Topics

Question Category Frequency on Smart Speakers



The most tried smart speaker feature and second highest frequency monthly and daily use case is asking general questions. This feature turns a smart speaker into a voice interactive search engine. Music related questions are by far the most common at about 55% of users. This was followed by news and movies which were both topics identified by over one-third of smart speaker owners.

The next tier of questions clusters the 20-30% range of users ranging from asking for how-to instructions and product information to retail store hours and science. Topics that are far less common include work-related information, finance and investing, and fashion. These were all registered by 5% or fewer smart speaker owners.

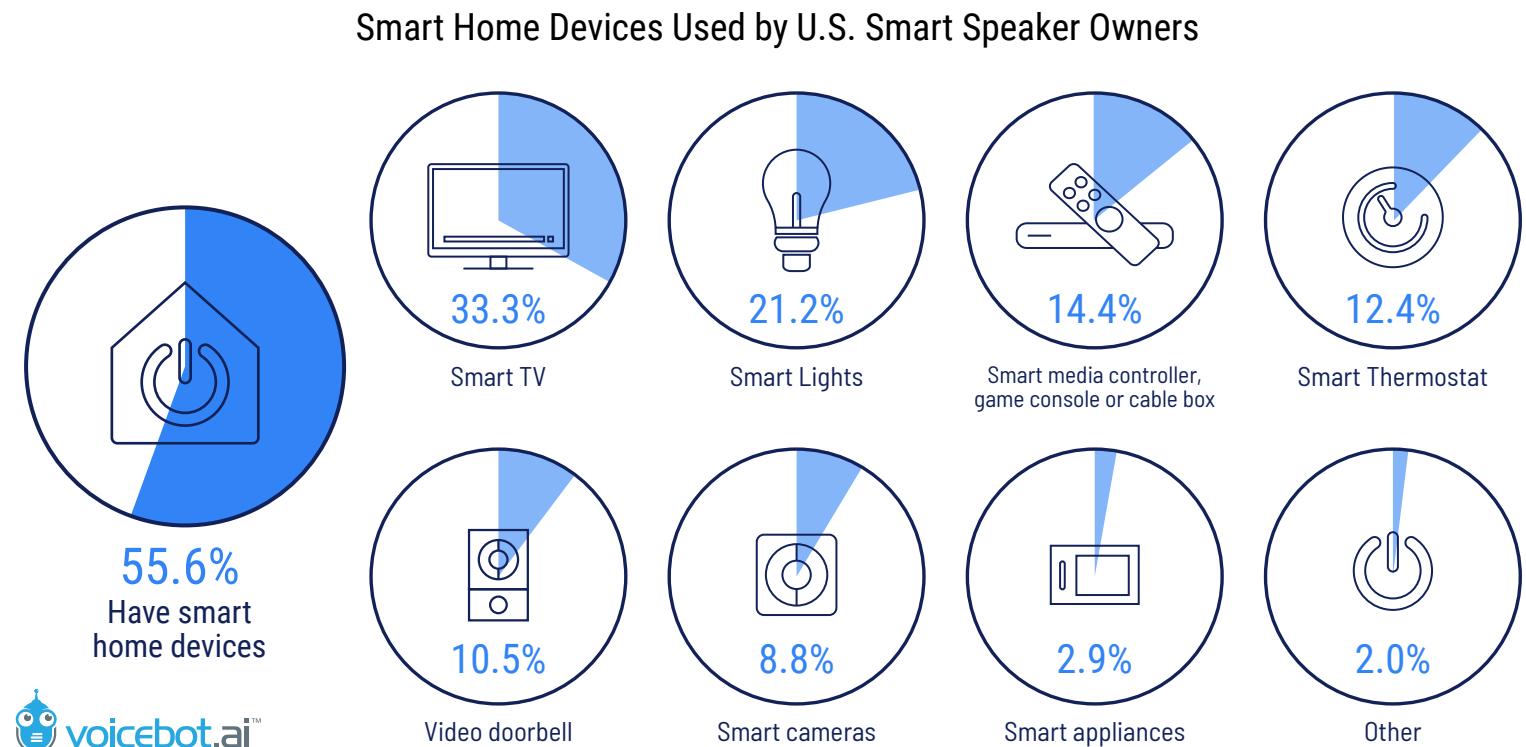


Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019

Smart Home Devices Popular with Smart Speaker Owners

Smart home devices are popular among smart speaker owners. More than 55% of smart speaker owners say they have at least one smart home device that they control by voice. Of course, being able to interact by voice with your smart home devices doesn't mean you are going to use it as about one-in-five consumers with smart home devices have never tried controlling them with their smart speaker.

The most popular smart home devices by a wide margin are smart TVs with 33.3%. That was followed by smart lighting at 21.2%, voice interactive game consoles and cable boxes at 14.4% and smart thermostats at 12.4%. Rounding out the top five were video doorbells at 10.5%.



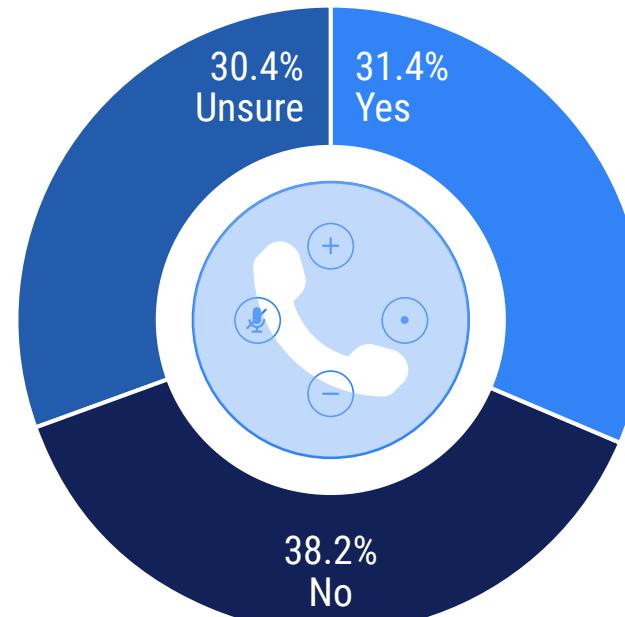
Customer Service Coming to a Smart Speaker Near You?

A number of companies are starting to think about how smart speakers can help address common customer service questions. At a basic level, this could be an FAQ from a company's website repurposed for voice. The goal would be to provide customer convenience and deflect inbound call center contacts when practical. This could include switching the customer to a mobile, online, or call center channel when the voice app cannot adequately address the inquiry.

A more advanced implementation might include account linking and accessing information specific to a particular user. Finally, you could enable users to connect by voice to a live agent to address detailed issues that are best handled through a phone call.

Today, 31.4% of consumers would like to be able to use their smart speakers to contact customer service departments. Another 30% are unsure and just under 40% are not interested. However, this means that more than 20 million U.S. adults are interested in doing this today and a comparable amount are open to it. This could be a significant opportunity for customer service departments to increase customer satisfaction and help them resolve issues more quickly.

U.S. Consumer Interest in Smart Speaker Use for Customer Service



Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019



Voice Assistants on Smart Phones

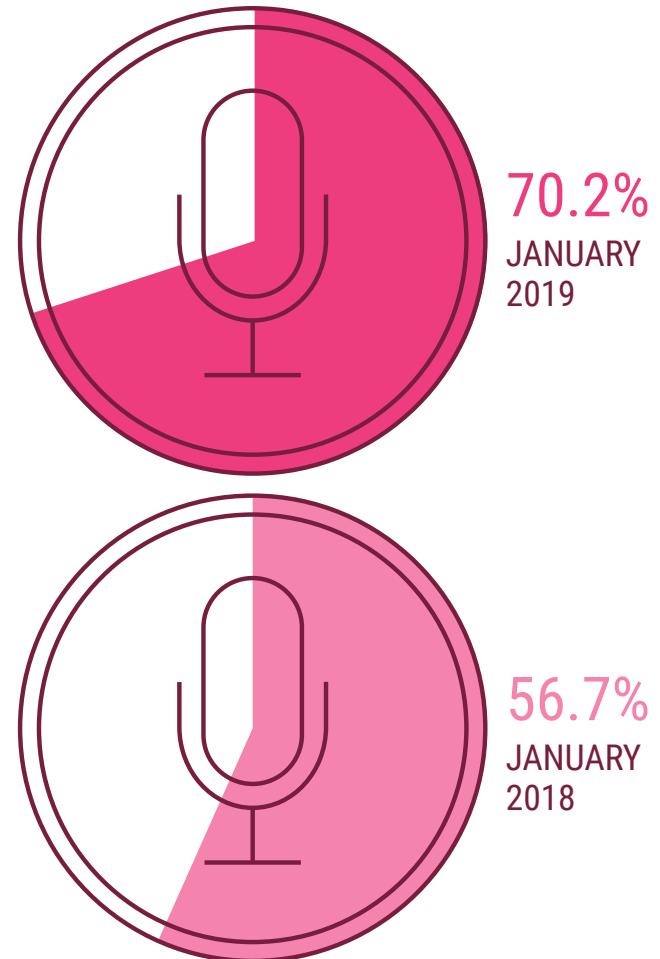
Voice Assistant Use on Smartphones Rising Quickly

Voice assistant use on smartphones rose quickly during 2018, particularly in the second half of the year. While just under 56% of smartphone owners had used a voice assistant on their device in January 2018 that figure rose to over 70% one year later. That means about 31 million U.S adults tried using a voice assistant on their smart phone for the first time in 2018.

More than half of the growth was driven by consumers trying Amazon Alexa on their smartphone, rising 124% during 2018. Before January 2018, users could access Alexa through the search bar in the Amazon app. However, it was an obscure location for it and not well publicized. That changed in early 2018 when a voice activation button was added to the Alexa app. These features added to the actual Alexa app likely led to the sharp increase in use.

Bixby trial by consumers rose 57% and Google Assistant just 16%, granted from a much larger base. The smallest incremental gain was Apple Siri which rose only 4% over all of 2018. It appears that Apple Siri, which has been around the longest, did not have a discovery problem and that few users were introduced to it for the first time in 2018.

Have Used a Voice Assistant on a Smartphone



Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019

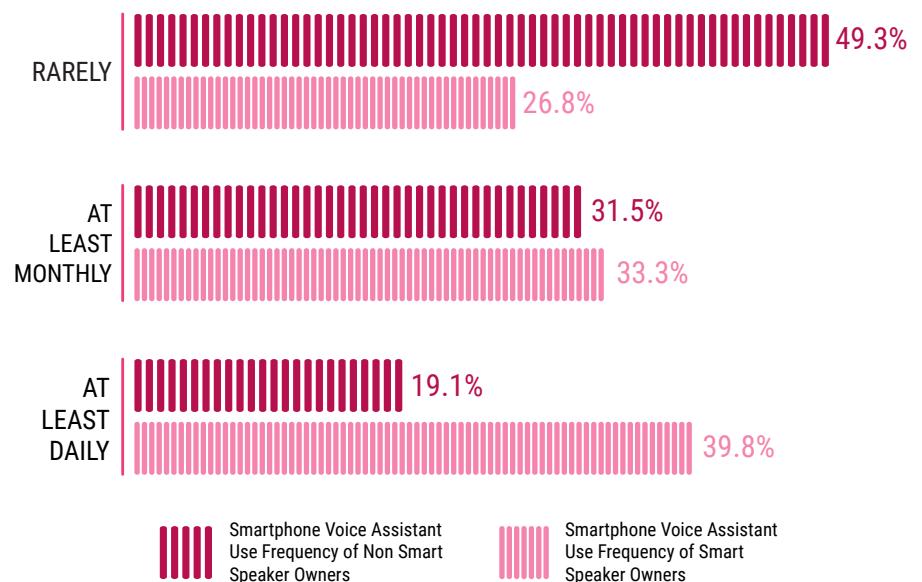
Smart Speakers Increase Voice Assistant Use on Smartphones

Smart speaker owners are 10% more likely to have used a voice assistant on a smartphone. They are also more likely to be daily users. Of all voice assistant users on smartphones 27.6% report being daily users. Among smart speaker owners that figure rises to 39.8%.

One-third of smart speaker owners say after purchasing the device they are using voice assistants on their smartphones more frequently. Just over 50% say they are using smartphone-based voice assistants about the same and only 14% say they are using them less. There is a growing consensus that smart speakers are displacing time normally spent on smartphones and many people posit that this will help reduce screen time. An accelerator for reducing screen time may be using voice assistants on smartphones as well. This reduces the touch, swipe, and look for many use cases.

Smart speaker owners are about as likely as non-owners to be monthly voice assistant users on smartphones. However, they are twice as likely to be daily users. Data is consistently showing that usage of voice on one platform increases usage of voice on others platforms.

Voice Assistant Use Frequency on Smartphones by Smart Speaker Ownership



Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019



Voice App Discovery

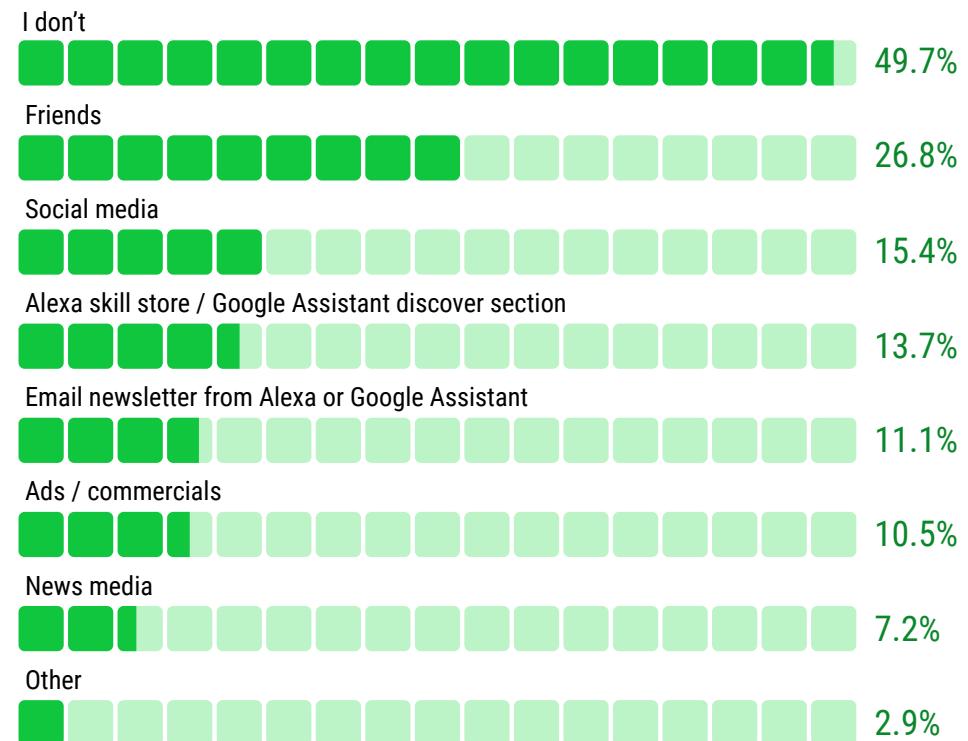
Friends are the Most Common Source of Voice App Discovery

For the second year in a row, just under half of smart speaker owners say they don't actually discover new voice apps. One-in-four device owners rely on friends to introduce them to new voice apps followed by just 15% that note social media as a discovery channel.

A smaller group of users between 11-14% cite Amazon and Google's primary promotion channels as key sources of discovery, such as their in-app and online stores and weekly emails. Not far behind these channels is advertising which was less visible in previous years, but now is a source of voice app discovery for one-in-ten smart speaker owners.

Discovery is the top issue facing third-party voice app publishers today. The voice assistant user base is growing quickly, but about half of these users are only discovering first-party solutions provided by the voice assistants themselves such as Alexa and Google Assistant. Many third-parties are having more trouble capturing new users. Word-of-mouth appears to be the most effective channel, but is the hardest to tap into. So, most voice app publishers should focus on a variety of techniques ranging from news media coverage and social media to advertising to drive discovery today.

How Smart Speaker Owners Discover Voice Apps



Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019

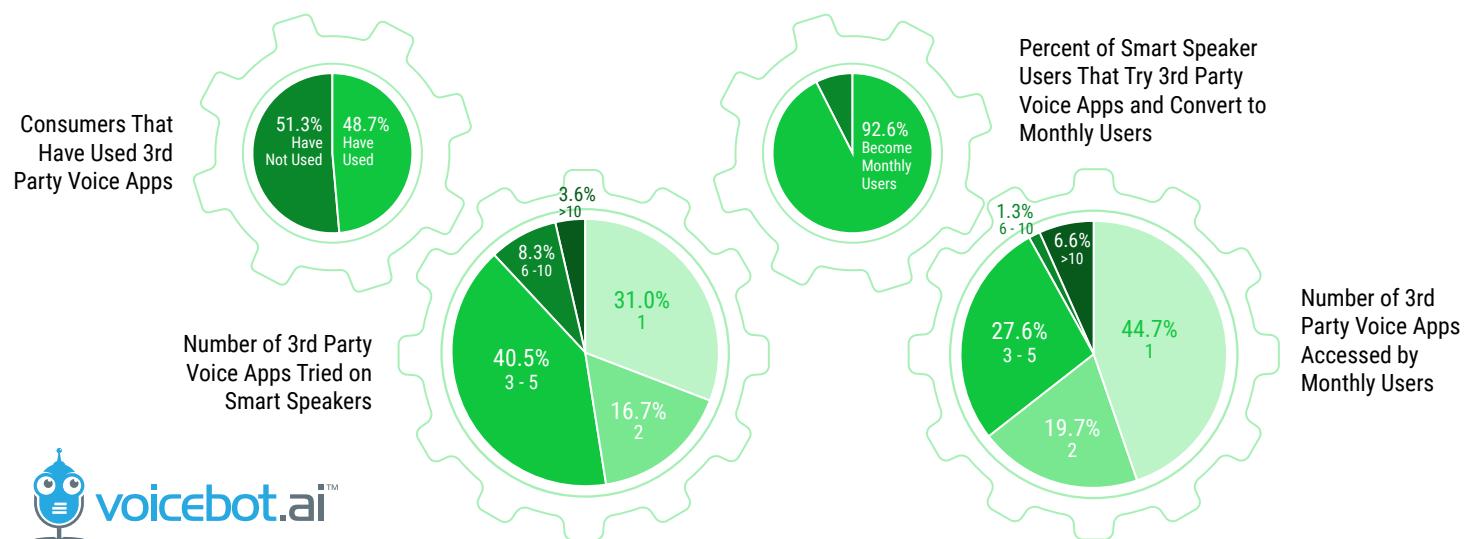
Number of 3rd Party Voice Apps Tried on Smart Speakers

The same ratio of smart speaker owners report having used third-party voice apps (i.e. those not made by the voice assistant provider) at the end of 2018 as the previous year. More than half of consumers that try third-party voice apps have tried at least three and nearly 12% have used more than six.

Even more interesting is about 93% of smart speaker owners that try third-party voice apps say they become monthly users. And, 55% of these monthly users are accessing at least two voice apps from third parties and 35.5% are using three or more.

What does this tell us? Well, there remains a discovery problem where about half of smart speaker owners have never tried a third-party voice app and relegate their usage to first-party voice assistant interactions. However, once smart speaker owners do employ a third-party voice assistant, they are very likely to become monthly users.

This is good news for third-party voice app publishers that can drive discovery. If they can induce trial, they have a good chance of converting the introduction to regular use.



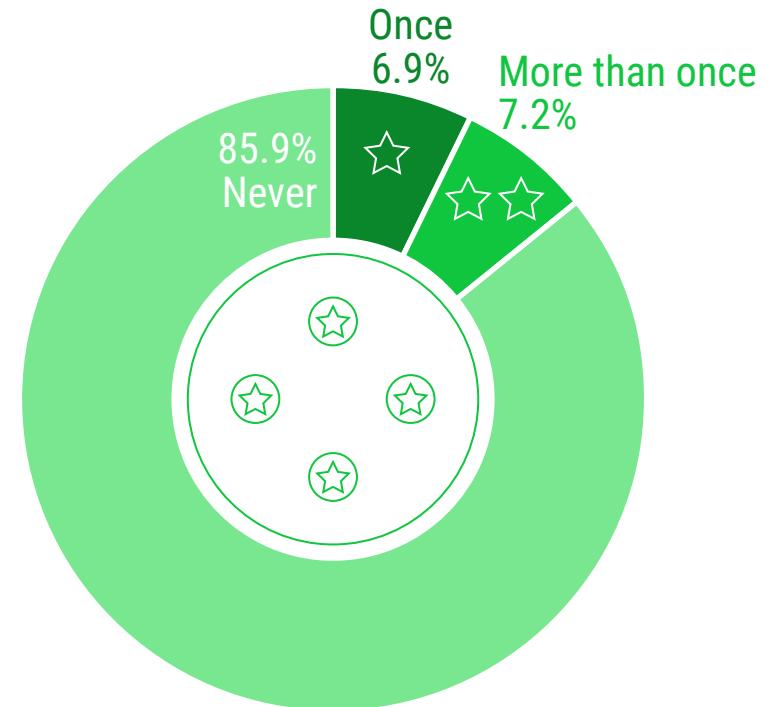
Voice App Reviews Rise in 2018

Only 14% of smart speaker owners have ever left a review of a third-party voice app. This is up from just 11% at the end of 2017 and is a reflection of the fact that most reviews must be submitted through a visual interface for a user experience designed for no visual interaction.

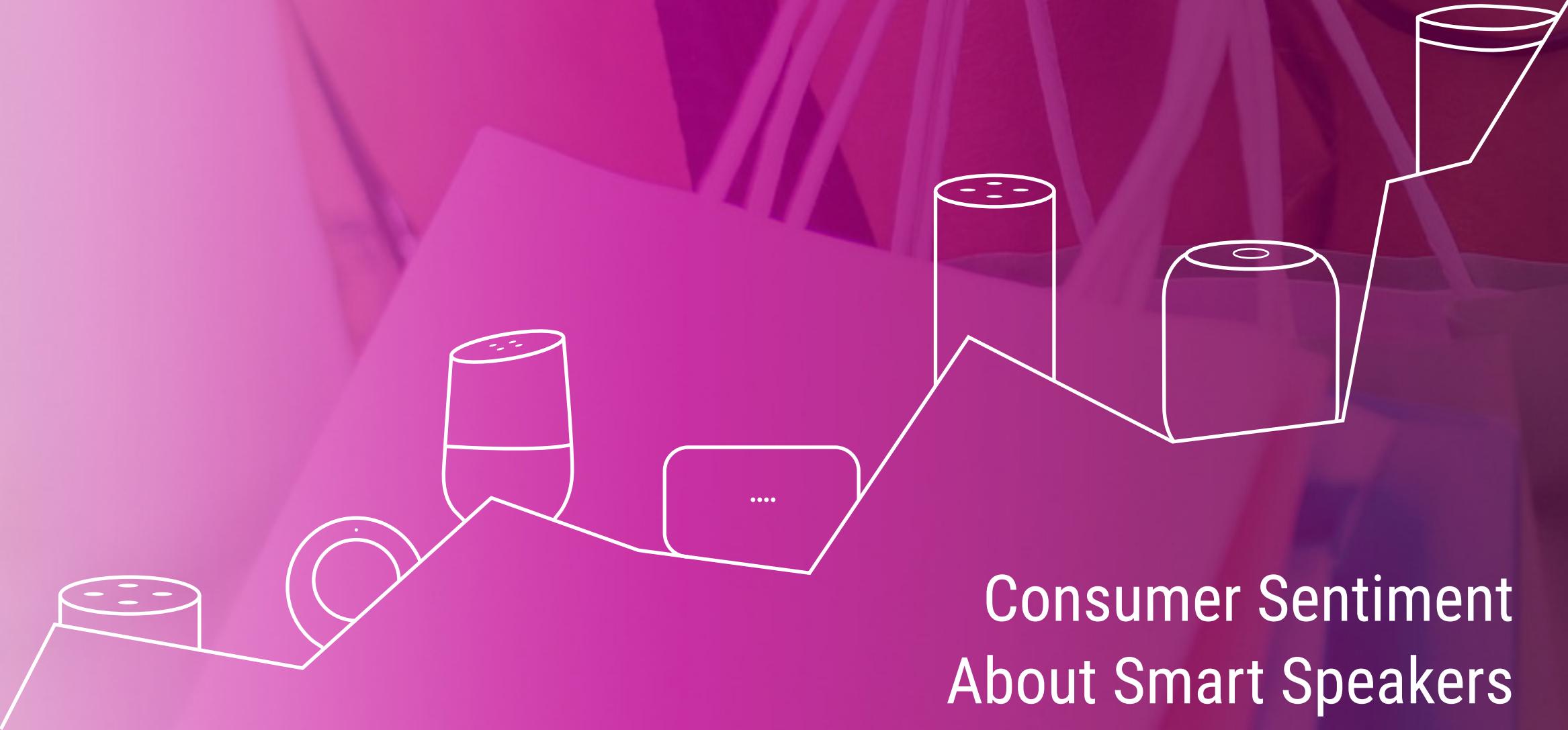
Amazon introduced voice ratings in late 2018 which enabled users to offer a star rating for an Alexa skill by voice after using it. However, this was limited to a few skills and not available for skill publishers to set as a feature on their own. By contrast, Google Assistant users are more likely to use the voice assistant both on smartphones and smart speakers. That multimodal use profile might explain why Google Home owners are about 11% more likely to have left a review than those with Amazon Echo devices.

With all of that said, 14% seems like a small number of smart speaker owners leaving reviews until you consider the fact that only 48.7% say they have even used a third-party voice app. That means 29% of device owners that have tried a third-party voice app have left a review. This is a promising figure given the friction involved in actually leaving a review provided voice app publishers can increase the proportion of smart speaker owners that try third-party apps.

U.S. Smart Speaker Owners That Have Left a Voice App Review



Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019



Consumer Sentiment About Smart Speakers

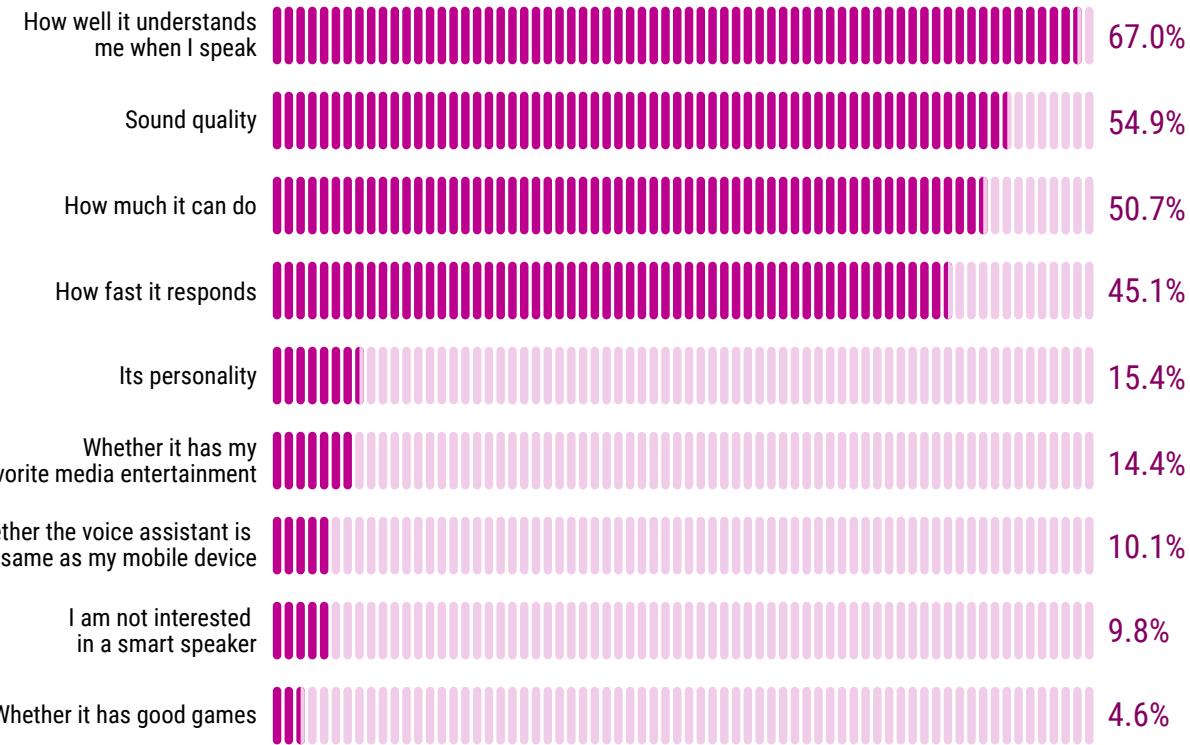
Consumers Want to Be Understood

Two-thirds of consumers say how well a voice assistant understands them is an important quality. That is followed by sound quality at 54.9%, how much it can do at 50.7%, and the speed of response at 45.1%. Every other quality is well behind these top four characteristics.

Amazon, Apple, and Google executives have spoken many times about their focus on adding personality to voice assistants despite the fact that it is considered important by only 15.4% of smart speaker owners. That lower rating may be influenced by the fact that personality is offered by all of the leading voice assistant providers, but it is clearly not something having an impact today.

It is also notable that smartphone ownership only influenced smart speaker selection for about one-in-ten consumers. Apple and Google would like that linkage to be higher given their dominance of smartphone-based voice assistants worldwide.

What Qualities U.S. Users Value in Smart Speakers



Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019

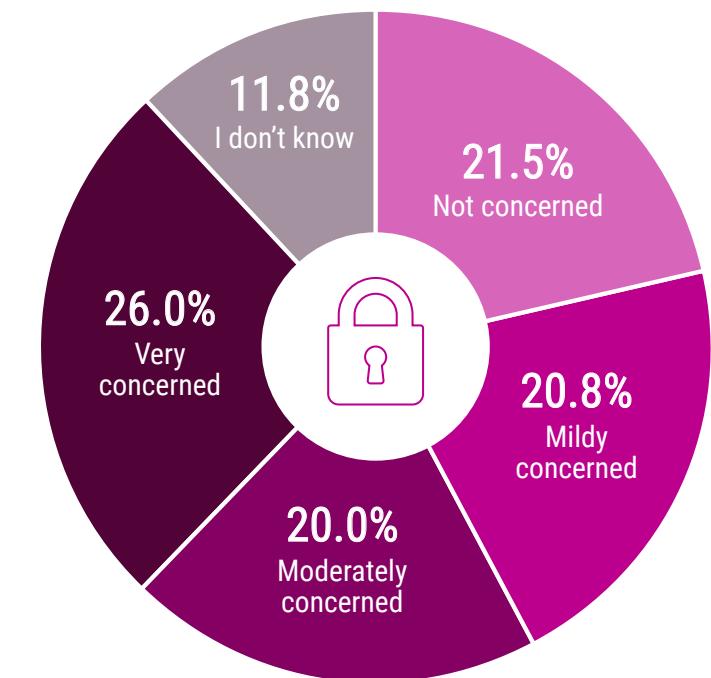
Privacy Concerns Don't Preclude Smart Speaker Ownership

There is a lot of talk in the media about consumer privacy fears related to having a smart speaker in the household. Those fears don't seem to be undermining adoption, but it is true that two-thirds of consumers express at least some privacy concerns and 26% are very concerned.

Interestingly, the privacy concerns for all consumers and those that do not own smart speakers are nearly identical. For example, only 27.7% of consumers without smart speakers said they were very concerned about privacy issues compared to 21.9% of device owners. This means that even some consumers with privacy concerns went ahead and purchased smart speakers. Those consumers very concerned about privacy risks are about 16% less likely to own a smart speaker, but they still make up a sizeable proportion of users.

Apple has made a big deal about asserting that Siri and the iOS ecosystem are more protective of user privacy than its competitors. However, that doesn't seem to be making much impression on consumers as the most privacy concerned consumers are actually slightly less likely to own a HomePod.

U.S. Consumer Perception of Smart Speaker Privacy Risk



Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019

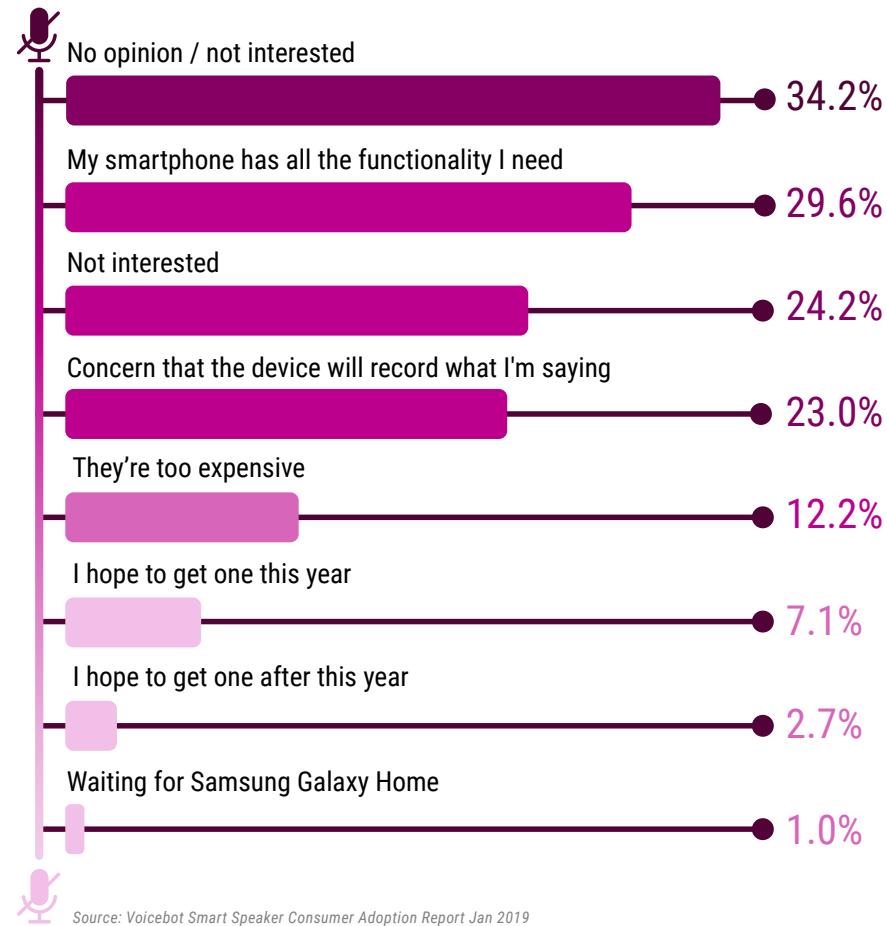
About 10% of Consumers Without Smart Speakers are Interested

Only about one-third of consumers without smart speakers have no interest in the product category. That is down from 38% at the end of 2017. The number of non-owners that say they don't need smart speakers because of the capabilities of smartphones is up from 21.2% to 24.2%.

Also, the number of consumers without devices that expect to purchase one fell from 11.8% to 9.8%. However, seven out of 10 of those prospective smart speaker owners say they will acquire their first device this year. That would lift total smart speaker ownership to about one-third of U.S. adults in 2019.

Another interesting data point is that 12.2% of consumers without smart speakers said this year that price was a deterrent for acquiring a smart speaker up from 8.8% last year. That is surprising considering that discounted prices for smart speakers were more aggressive in 2018 than in 2017. With that said, there were many new smart speakers in the premium category that stretched the pricing umbrella upwards despite more options at lower prices.

Non Smart Speaker Owners Opinions About Devices





Smart Speakers Are a Catalyst for Voice Adoption

The trend line for smart speaker adoption remains on an upward slope and has quickly surpassed 25% of the U.S. adult population. More than three out of four consumers that didn't own a smart speaker but planned to buy one in 2018 did so. With that same follow-through rate, more than one-third of U.S. adults will own a smart speaker at this time next year. That will reflect 33% penetration in five years from the first product launch in the category and just three years since there were two vendors offering solutions.

Those first two vendors, Amazon and Google, continue to dominate the market with 85% market share. That is down 5% from the previous year, but the share is even higher when you consider households with multiple devices. When it comes to smart speaker users in the U.S., Amazon and Google have created a duopoly that is likely to last for some time.

A Catalyst for Voice Adoption Across All Surfaces

Smart speakers may have already done their job promoting voice assistants as one-third of device owners report using them on smartphones more frequently after purchase. We are seeing voice assistants through smart speakers become more deeply embedded in household routines while also increasing use on other surfaces such as smartphones and automobile dashboards. Smart speakers will continue to be an important consumer touchpoint and likely the catalyst for increased voice assistant use on other devices beyond communications, navigation, and alerts.

A Catalyst for Smart Home Adoption

It is widely believed that the first wave of smart speaker adoption was driven in part by smart home early adopters. It was one of the first robust use cases for the devices. However, it may be that the catalyst behind the next wave of smart home adoption will be the growing smart speaker user base. If you exclude smart TVs and voice-interactive media boxes and focus just on home automation, there are now more smart speaker households. That means smart speaker ownership can be a fertile source of new customers for smart home automation vendors.

The Battle for New Use Cases and Features

Smart speaker competition thus far in the U.S. has been characterized by price competition and hardware features such as sound quality and display availability. Over the next year, smart speaker competition of third-party manufacturers will continue to focus on these areas. However, Amazon and Google will seek to differentiate themselves more on new features and use cases enabled by their respective voice assistants that increase the perceived daily value of the devices. Voicebot reported in the fall of 2018 that we have entered phase two of voice assistant adoption which will be characterized by a focus on daily habit formation and broader usage by the installed base whereas phase one was more about device adoption. That trend will continue in 2019.

Additional Resources



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Report Authors

Bret Kinsella
Research Director
bret@voicebot.ai

Ava Mutchler
Graphic Designer & Editor
ava@voicebot.ai

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