RESHAPE TO RELEVANCE

Adapt your consumer offering to become hyper relevant. Discover the latest trends, insights and solutions with our 2019 Digital Consumer Survey.
Emerging consumer technologies: stepping up to the relevance challenge

Who would have guessed a few years ago that online consumers would find it natural to rely on an AI-powered assistant to review and pay their bills? Or what about setting and monitoring their home security? But these scenarios – and others like them – are commonplace today. They underline the frantic pace of change consumer technology and service providers must keep up with today.
Their challenge? Staying relevant. Consumers won’t stay loyal to companies that don’t adjust quickly to the times. In this world, failing to stay relevant will prove expensive. Accenture research reveals that in the United States alone, the potential revenue that companies across industries lost to competitors in 2017 by not being relevant enough was a startling $1 trillion.

What does relevance look like for consumer technologies? In the case of digital voice assistants, it’s about enabling advanced tasks and responsibilities while creating and constantly renewing deeper trust. It also means increasing the value a consumer perceives in a product so they’ll want to buy it for their home. That’s the challenge facing extended reality technologies right now. In the end, it might mean rethinking a business model to give people what they really want, and that’s a big issue today for over-the-top (OTT) video providers.

There’s no simple answer to relevance, but companies that achieve it have one thing in common: really knowing what their customers want and delivering it—often adapting quickly to keep up with changing demands. That’s the essence of what Accenture calls a Living Business, and it’s the key to unlocking sustained growth.

Three central findings from the 2019 Accenture Digital Consumer Survey of 22,500 online consumers in 21 countries highlight why relevance is the key quality companies must pursue. Our research insights highlight the steps leaders must take to stay on top of rapidly shifting consumer preferences.
Voice continues its rise as the new user interface – and it’s a global phenomenon. Half of online consumers now use a Digital Voice Assistant (DVA), with people in China, the UAE, India and Mexico leading the way. The use of standalone DVAs (i.e., smart speakers such as Amazon Echo, Google Home and Apple HomePod) in the United States has outstripped embedded DVA use in smartphones and other devices. Based on anticipated purchases, standalone DVA is now on track to be one of the fastest adopted technologies in US history. That’s reflected in the very high overall satisfaction (96% globally) that consumers express for this technology.

Consumers who own one standalone DVA are also likely to own several, in fact 46% of owners have more than one. But even more importantly, our data shows that DVAs are strongly influencing what devices consumers buy and how they use them. As such, DVAs are influencing the whole consumer technology and service ecosystem in a way that no other device, including smartphones, has done before. More than half of the stand-alone DVA owners report that since they got their device, they’re using their smartphone for fewer services. As standalone devices become more pervasive in homes, we’ll see even bigger shifts taking place – not the least of which is the range of tasks DVAs are expected to handle.

Consumers are already comfortable about handing over increasingly advanced tasks and responsibilities to their DVAs, but this is just the start and there’s a clear expectation that these devices will take on progressively complex workloads. When asked, consumers perceive real value in the possibility of voice assistants managing home security and automation, dealing with bills (including alerts about issues or deviations), making restaurant reservations and even providing access
to virtual medical advice. Brands that can offer advanced AI capabilities within devices and interfaces could control the ecosystem of products and services offered to consumers in their home. For some, that could prove challenging. And for those unable to get there, it will be critical to develop close partnerships that ensure their products and services are offered through the dominant ecosystem.

One concern that may block the growth that DVA promises? Trust. Consumers believe they have less control over their personal data with a DVA provider than with other providers of digital services and much less control than they do with, for example, banks. The biggest difference lies in how consumer trust is established. For some device and service providers, establishing consumer trust happens at the outset of the relationship and continues from there, but trust in a DVA device is short-lived and needs to be repeatedly renewed time and again. If companies want to attract more customers, they will have to be transparent in how they store, use and share data. That should include offering consumers control over all those variables. Working out privacy parameters is far from simple, but it’s essential for companies to establish an agreed “trust standard” before advanced use of DVAs can truly take hold.

- 50% of respondents use digital voice assistants, **up from 42%** one year ago
- 93% say they expect their choices on home connected device purchases to be influenced by the ease of integration with their voice assistant, respondents who own a stand-alone DVA and plan to buy new devices say the same on **smartphones (97%) and on connected TV (96%)** purchase decisions
- 96% of stand-alone DVA users are **satisfied with their device**
- 57% use of stand-alone DVA owners use their **smartphone for fewer activities**
- 41% of smart speaker owners say they have privacy concerns (who is listening?) and **40% have security concerns** (how is my data used?) when using their voice assistants
To date, extended reality (XR) technologies have largely been seen in a gaming environment. But that’s changing rapidly. Many consumers are trying out these immersive services in public locations like amusement parks or using services on their smartphones.

Along with this growing use, interest in an expanding set of XR applications is on the rise. While gaming remains the XR application that most consumers have tried, other entertainment services (such as watching TV or being entertained in a holiday resort) are also making a strong showing. And there is consistent interest in using XR technologies in new ways including how to solve practical household problems. Activities that ranked high in XR interest one year ago remain strong today. These include learning more about a place before or during a visit, learning new skills or visualizing how clothes might look and feel in real life. Services that could meet all these needs are starting to emerge, with the majority today focused on business applications like training courses. Consumer-oriented services are popping up, too. Take, for example, the New Zealand-based company ImmerseMe which uses VR to deliver a realistic language-training environment for students.
That’s the promise. The reality is that it’s still not easy to make money in this business. Consumers say they would be willing to use XR at home, but relatively few own the equipment they would need to put that willingness into practice, and 63% cite cost as the main barrier to adoption. In response, providers should look for ways to encourage consumers to buy equipment rather than relying on public devices or their smartphones. Retail is perhaps the strongest use case to drive adoption, given that consumers often feel a number of pain points while shopping that can now be replaced with truly immersive experiences that both inform and entertain. As well as pricing, device design has a way to go, too. Today, many devices are hard to use, and application functionality is often a problem. Better products will lure younger and higher-income users, those that are traditionally early to adopt new-tech services.

37% of consumers have tried XR services, most for private use (30% private; 7% professional)

7% personal ownership of AR/VR headsets or glasses

Countries with the largest share of XR experience: China, India, UAE

60% of consumers have experienced XR playing games, 48% are interested in using XR to visualize how clothes might fit
The global OTT market has a relevance problem. Fifty percent of video subscribers in surveyed countries believe they’re paying for at least some content they don’t care about. Correcting this problem has become more important than ever as free digital video continues to grab consumer attention away from subscription offerings.

However, people will still pay for the right content. True, subscription TV is showing signs of erosion both in use of bundled services and viewing time, but adoption of subscription-video-on-demand (SVOD) services is growing, particularly among younger consumers. With low-cost bundled SVOD services like Netflix available in the market, aggregators need to become smarter about their bundling value to consumers.

Only about one-third of consumers are willing to pay to remove ads from their video subscription services, which is less than reported last year. Younger viewers are more tolerant of TV ads, which implies that a future ad market could be an opportunity for OTT video, and not a threat. Taken together, these are strong indicators of both the importance of ad-supported models and the necessity of reimagining ad placement for digital OTT content. Companies should also explore pay-per-view (PPV). Consumer interest in PPV is four times actual usage and that presents a seriously untapped opportunity.
Consumers’ willingness to provide personal data is an important variable here. Nearly half the consumers surveyed are willing to share their personal data in exchange for something in return. This shift presents an opportunity for OTT services to create more personally-relevant content and advertising experiences for the consumer. OTT video players can better optimize consumer value by understanding their implicit and explicit viewing behaviors to create more compelling content offerings and price them accordingly. Using personal data, they can deliver more relevant advertising solutions on a 1:1 basis, improving value for the advertiser and experience for the consumer.

50% of video subscribers globally continue to pay for content they don’t care about

Global SVOD adoption among online consumers already paying for video services has grown to 52% up from 44% last year

There’s also a lot of untapped opportunity in pay-per-view models, with a global consumer interest which is 4X larger than their actual usage

Global consumer appetite to pay to remove ads is also declining, from 36% to 30% year over year, for those willing to pay to remove ads from their video subscription services

There’s an opportunity to improve the consumer experience over-the-top, as 44% of global video consumers are willing to share their personal data in exchange for something in return.
**Constant evolution**

Consumer preferences and behaviors are evolving all the time. But there’s a constant: the clear need for not just enhanced products and services, but also for continuous tweaking of business models. In some areas, like the smart home, consumers may well appreciate bundled offers that expand available products and services. Backing this up, 61% of consumers say they’d be interested in having their smartphone embedded in a smart home bundle. In other areas, like online video, they’re looking for ways to avoid paying for content they don’t want.

Trends in technologies including digital voice assistants, extended reality and OTT content have far-reaching implications for market growth, advertising and other critical business model elements.

In all cases, providers of consumer technology and services need to make sure they’re moving in synch with changing consumer preferences. That means offering products and services that are:

- Intelligent, flexible and scalable to customers’ needs
- Able to tightly integrate with other products and services
- Highly trustworthy
- Available to consumers, when and where they need them
- Optimized for consumer value

None of these are easy tasks. But they’re all critical to ensuring sustained growth and relevance from now on.
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