Capgemini

Conversational Commerce

How Capgemini delivers business value through voice

Are you ready to listen to your customer? Really listen?

The opportunities of Conversational Commerce

According to Capgemini, Conversational Commerce promises to fundamentally alter relationships between consumers, retailers and manufacturers. It is the next big battlefield for the hearts and minds of shoppers. For retailers and consumer goods manufacturers, it presents the opportunity – and the challenge – of developing deep, sticky brand affinity with an ever-growing cohort of shoppers.

MIT Auto ID Lab predictions show an annual growth rate of 653%, more than double the growth rate of the smartphone. And a survey by Capgemini found that more than four in five consumers have used voice assistants for seeking information (82%)[1] and more importantly for the retail and consumer goods industry: 35% have bought products through digital voice assistants.

From Amazon's Alexa and Google's Home, to Alibaba's Tmall Genie, digital voice assistants have rapidly become mainstream across all walks of life. Indeed, consumers love them.

Although, at a relatively early stage in its evolution, Conversational Commerce is far more than a new interface or an additional channel in the omni-channel world. It is an entirely new way for retailers and brands to build relationships of value with customers and an entirely new way for customers to interact with them.

With a Conversational Commerce addressable market conservatively forecast at $35 billion by 2020[2], not to mention the billions of dollars of sales it will influence through research and shopping lists, and increasing consumer expectation to interact with you and your brand via voice-driven channels[3] , it's no longer a question of whether you want to compete using Conversational Commerce, but how. In collaboration with MIT and Intel, Capgemini has published a paper addressing the business implications of Conversational Commerce[4].

1 Capgemini Digital Transformation Institute research, Conversational Commerce: Why Consumers Are Embracing Voice Assistants in Their Lives, 2018

2 MIT Auto ID Lab predictions. United States market, Data Sources: Morgan Stanley, RBC Capital & eMarketer

3 Capgemini Digital Transformation Institute, Conversational Commerce Survey, October–November 2017, N = 5041 consumers in the US, UK, France and Germany

4 MIT – Intel – Capgemini, Time to Talk, 2018

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How to deliver business value through voice

To realize the full potential of being a leader in Conversational Commerce and building the resulting trust-based relationships with consumers who are early adopters, more than tactical investments in technologies are needed. Conversational Commerce should be looked at as a new line of business with impact and value creation across stores, e-commerce, marketing, and supply chain. It demands that retailers and brands for the first time invent their physical voice, learn how to acquire and engage customers through voice, manage the related data and analytics, leverage advanced technologies such as AI, investigate how to incorporate voice into their stores, explore hardware and software solutions, and more. The potential is great, but focused effort is required to not only evolve the technology, but also the surrounding business.

The Capgemini Conversational Commerce Business Capability Model can help (see figure one).

Figure 1: Capgemini Conversational Commerce Business Capability Model

"Conversational Commerce requires starting with the customer experience: consumers want to hear content relevant to their daily living"

Figure 2: Building new capabilities to meet new consumer behaviors

Conversational Commerce – **Customer Experience**
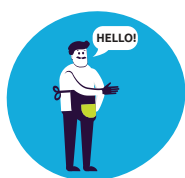
	Voice based dialogue	Enable the 2-way interactions, building contextual relevance and engagement over time
	Conversational search	Create value by illuminating and personalizing the path to purchase via consumers' preferred Digital Assistants
	Brand personality	Determine the brand voice, brand tone and brand curated experience
	Personal assistance	Create voice based terms embedded in natural conversations

Conversational Commerce – **Intelligence**

	Conversational intelligence	Feed the personal dialogue leveraging (new) data resulting from voice, such as NLP, emotions, locations
	Shopper intelligence	Ensure a 360 view of the shopper genome through consumer data, incsocial, beliefs, preferences, location, emotion
	Commercial intelligence	Provide real-time insights to optimize the path to purchase
	Operational intelligence	Provide real-time insights for business operations to deliver upon the promise

Conversational Commerce – **Business Operations**

	Conversational content	Develop hyper-relevant and personalized content for voice channel
	Unified commerce	Manage the proposition (price, product, place, promotion) across conversational touchpoints
	Conversational service	Enhance then transform dialogue-based customer service
	Conversational store	Support dialogue-based interactions in store (via shopping cart, shelves and products)
	Streaming supply chain	Manage increased frequency and volume of orders, distributing and delivering anywhere, anytime

Conversational Commerce requires starting with the **customer experience**: consumers want to hear content relevant to their daily living. To be able to do so, brands need to create a voice-based dialogue, creating value by offering personal assistance through the consumer's preferred Digital Assistant (e.g. by offering dietary advice). You will need to determine your brand's personality through your brand voice, tone of voice and brand curated experience (e.g. one voice for all consumers or will it change depending with whom you talk?).

Conversational Commerce should deliver a contextually-relevant customer experience that's built on data. This data is gathered from existing channels (e.g. social media, loyalty profile, apps, transactions, and interactions) and combined with new conversational data (e.g. emotion, nuances, and tone of voice). It turned into **intelligence** via existing and new technologies, such as artificial intelligence, speech recognition, natural language processing, semantic technology, machine and deep learning, swarm intelligence, and chat - or voice-bots – leveraging cloud-based big data platforms. This intelligence can then be used to make an emotional connection with each customer, which according to Harvard Business Review **"matters more than customer satisfaction"**[5].

Ongoing developments in your **business operations**, leveraging your e-commerce foundation, will accelerate with Conversational Commerce. To ensure a personalized and relevant customer experience it is necessary to develop hyper-relevant content for the voice channel and manage the proposition across conversational touch points (such as smart speakers, car systems and in-store). An increasing demand will be put on the supply chain, where we foresee a streaming supply for goods sdelivered to their homes or to be picked-up in stores. See figure two for building new capabilities to meet new consumer behaviors.

Companies making the necessary investments in these areas, as well as selecting a strategic platform partner, will find consumers more engaged and more loyal than they have ever been. Capgemini's Conversational Commerce Reference Architecture will help you prepare for this transformation (see figure three).

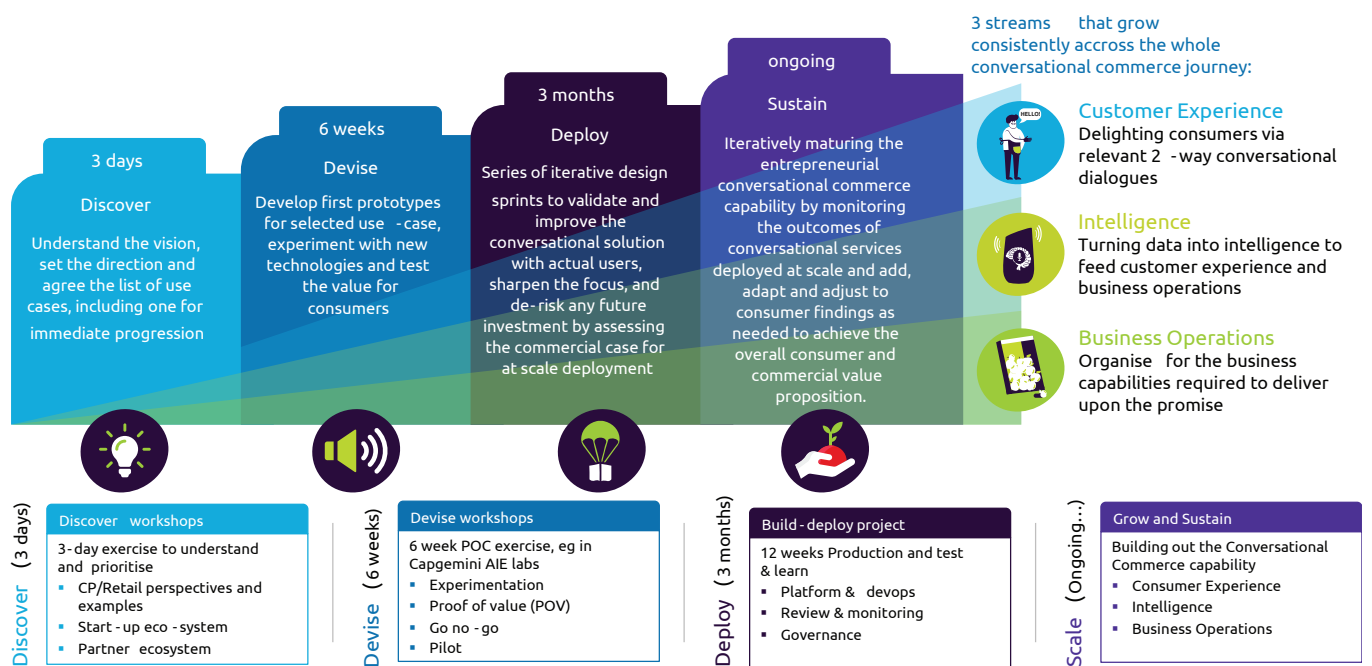**Figure 3: Capgemini Conversational Commerce Reference Architecture**
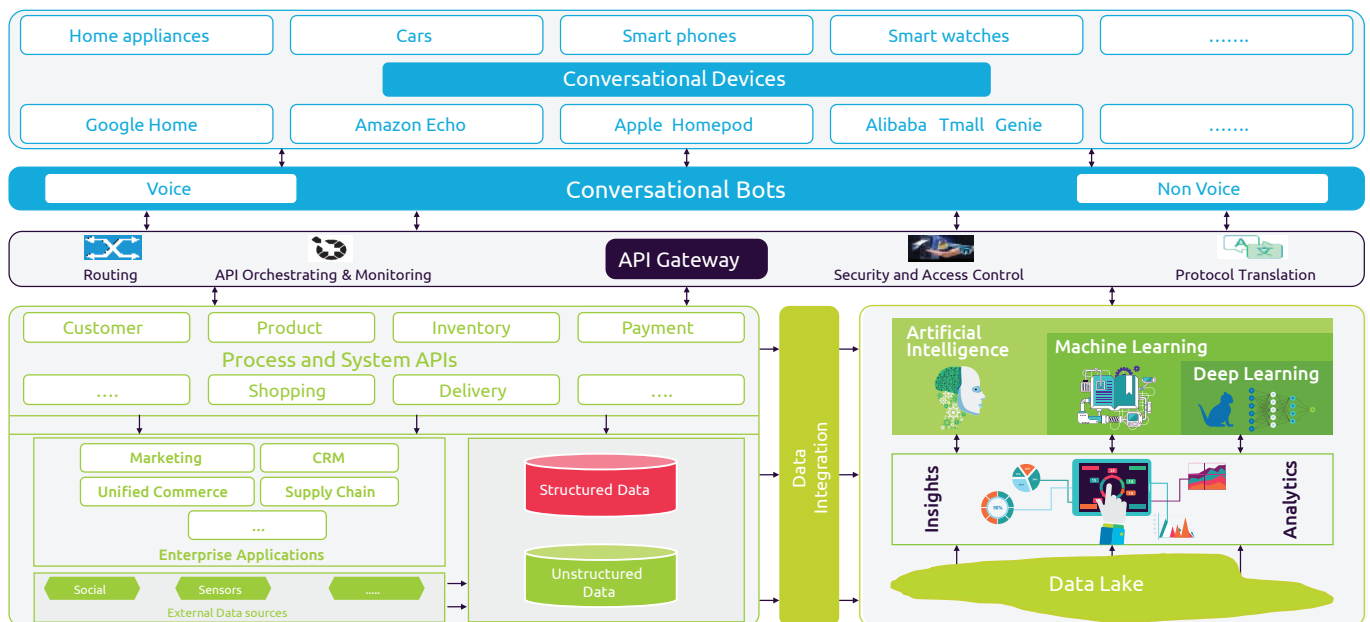
How can Capgemini help?

Capgemini recognizes the value of Conversational Commerce in driving deeper, more human connections at scale. It has the potential to build a different level of relationship, engagement, and brand affiliation. Rather than being a threat to existing operating models, Conversational Commerce is an opportunity to create new value for consumer-focused industries.

We help you by blending together end-to-end capabilities on Conversational Commerce. Our approach starts small, demonstrates value, then scales the capability, and expands into tangible business growth opportunities (see figure four).

Figure 4: Capgemini's approach to Conversational Commerce

3 streams that grow consistently accross the whole conversational commerce journey:

3 days

Discover

Understand the vision, set the direction and agree the list of use cases, including one for immediate progression

6 weeks

Devise

Develop first prototypes for selected use -case, experiment with new technologies and test the value for consumers

3 months

Deploy

Series of iterative design sprints to validate and improve the conversational solution with actual users, sharpen the focus, and de-risk any future investment by assessing the commercial case for at scale deployment

ongoing

Sustain

Iteratively maturing the entrepreneurial conversational commerce capability by monitoring the outcomes of conversational services deployed at scale and add, adapt and adjust to consumer findings as needed to achieve the overall consumer and commercial value proposition.

Customer Experience
Delighting consumers via relevant 2 -way conversational dialogues

Intelligence
Turning data into intelligence to feed customer experience and business operations

Business Operations
Organise for the business capabilities required to deliver upon the promise

Discover (3 days)

Discover workshops
3-day exercise to understand and prioritise
- CP/Retail perspectives and examples
- Start -up eco -system
- Partner ecosystem

Devise (6 weeks)

Devise workshops
6 week POC exercise, eg in Capgemini AIE labs
- Experimentation
- Proof of value (POV)
- Go no -go
- Pilot

Deploy (3 months)

Build -deploy project
12 weeks Production and test & learn
- Platform & devops
- Review & monitoring
- Governance

Scale (Ongoing…)

Grow and Sustain
Building out the Conversational Commerce capability
- Consumer Experience
- Intelligence
- Business Operations

Capgemini believes that Conversational Commerce is the single biggest opportunity for brands to act like people in digital channels. And brands acting like people is the single biggest way to build customer engagement and loyalty.

Our digital customer experience experts and solutions will help you find your voice in Conversational Commerce. Leveraging our Seamless Customer Engagement offering and the Origamo framework for 'Human Loyalty', we will answer strategic questions related to building your brand personality and developing a unique, personalized experience with each of your consumers at a new level of both scale and intimacy.

Key Capgemini expert: Mark Taylor

Our global insights and data capabilities bring together leading data technology experts with business and consumer products and retail sector expertise to apply insights via smart analytics to improve conversational business performance. Our leaders specialize in Artificial Intelligence, Machine Learning, Natural Language Processing and Chatbots, Conversational data management and big data platforms to unravel the intelligence from new conversational commerce and shopper data as well as commercial and operational data.

Key Capgemini expert: Kees Jacobs

Our global consumer products and retail business and technology experts combine a deep understanding of the Consumer products and retail business operations with a broad knowledge of the key industry technologies. We help retailers and consumer product companies to improve their commercial proposition across functions (price, product, place, promotion, content) and consumer touchpoints, to reinvent the role of stores and build supply networks that can meet changing consumer needs through greater speed, agility and efficiency. We work with key technology providers such as Intel, Google, Microsoft, Salesforce.com SAP and IBM. A selection of our proposition-assets in the consumer goods and retail industries include Seamless Customer Engagement, Smart Digital Store and Consumer Driven Supply Chain.

Key Capgemini expert: Shannon Warner

Our Applied Innovation capabilities will help you to immerse yourself in the understanding, experimentation and application of all aspects of emerging conversational technologies, as well as to address the business disruptions confronting you and the industry. We will leverage our global network of Applied Innovation Exchanges, our start-up eco-system collaboration and the groundbreaking innovation capabilities of Fahrenheit 212. We offer a methodic approach to innovation, making innovation a predictable driver of sustainable, profitable growth for our clients' business – in which the focus is broader than the technology, yet to demonstrate business results.

Key Capgemini expert: Frank Wammes

About Capgemini

A global leader in consulting, technology services and digital transformation, Capgemini is at the forefront of innovation to address the entire breadth of clients' opportunities in the evolving world of cloud, digital and platforms. Building on its strong 50-year heritage and deep industry-specific expertise, Capgemini enables organizations to realize their business ambitions through an array of services from strategy to operations. Capgemini is driven by the conviction that the business value of technology comes from and through people. It is a multicultural company of 200,000 team members in over 40 countries. The Group reported 2016 global revenues of EUR 12.5 billion.

Visit us at

www.capgemini.com

People matter, results count.

Find out more:

Kees Jacobs
Vice-President, Digital Proposition Lead,
Consumer Products & Retail, Capgemini
kees.jacobs@capgemini.com

Kees is an industry recognized practitioner with Capgemini's global sector for consumer products and retail, with more than 25 years of experience in these industries. Kees is responsible for Capgemini's strategic relationship with The Consumer Goods Forum and has co-authored many research reports on the consumer products and retail industry.

Mark Taylor
Executive Vice President, Chief Experience Officer, Capgemini DCX Practice
mark-paul.taylor@capgemini.com

Mark is the Chief Experience Officer for Capgemini's Global Digital Customer Experience (DCX) Practice. He has over 25 years of experience designing, developing and delivering transformative solutions informed by data and enabled by technology. Prior to joining Capgemini in 2014, Mark held senior positions in several global agencies.

Shannon Warner
Vice President, Retail and Consumer Products, Capgemini Consulting North America, Capgemini
shannon.warner@capgemini.com

Shannon has more than twenty-five years of retail and consulting experience helping clients to improve their business performance by applying domain expertise, acting as a liaison between business and IT, and leading my team to deliver exceptional results on every engagement. Her expertise spans the retail value chain including: B2C and B2B commerce, omni-channel customer engagement, digital store of the future, product information and content management, seamless customer engagement (e.g. CRM, Customer MDM, Big Data, Loyalty, etc.), digital analytics, and digital marketing.

Gwendolyn Graman
Senior Consultant, Conversational Commerce Proposition Lead, Consumer Products & Retail, Capgemini
gwendolyn.graman@capgemini.com

Gwen is Capgemini's Proposition Lead for Conversational Commerce and brings a hospitality heart to her clients in the Consumer Products and Retail industry. Always on a quest to improve the consumer experience, she collaborates with her clients on both business and IT. From her years at Capgemini she brings deep understanding of both brick and mortar and online retail, as well as keeping a fresh outlook on how brand and retailer can engage with their consumers.

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