



HOW FOOD SHOPPING HABITS ARE BEING TRANSFORMED BY TECH:

Conversational commerce, chat, bots and all that

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TRANSFORMED BY TECH

Technology is changing how we think, work and, not least, shop.

It's always been the case. For those of you that are old enough, cast your minds back to the '70s and '80s, when thanks to advances made in manufacturing technology, cars became affordable to the masses.

The so-called baby boomers, rapidly became a car-borne society, equipped to do a food shop once a week at big box supermarkets that sprang up quickly on town fringes. The bludgeoning popularity of chest freezers further ensconced the weekly food shop in family routine. This practice was far removed from the previous way of food shopping, that involved walking every other day into town wheeling our shopping trolleys.

Now it is the smartphone that is the game-changing technology having a profound impact on our lives. Its speed of uptake has been dramatic.

'82% of us now have a smart phone and, on average, we interact with it 220 times a day.'

Ipsos Global Trends survey

According to the latest Ipsos Global Trends survey, 82% of us now have a smart phone and, on average, we will be interacting with it 220 times today.

Scott Adams, author of the cartoon strip Dilbert, famously described the smartphone as our "exobrain" – the repository for our contacts, our content, our memories and conduit to the world.

Another Ipsos survey revealed that 1 in 3 of us would prefer to give up sex than be without our phone.

One of the consequences of the ubiquitous mobile has been the development of social media, which has changed the way we communicate with one another, desperate to be in touch constantly.

To my mind this medium has also contributed to the rise of populism and anti-establishment. As part of Ipsos' Global Trends survey we ask people who they trust the most: politicians? Probably not; the media? Not in this age of fake news; big businesses? Only 32% of us trust them. No, the group we trust the most is other people like us. 70% of us seek and trust the opinions of "joe public" on the internet before making a purchase.

The mainstream social networks have been a great influencer in our lives, but they could be approaching their sell-by date. In 2015 messaging apps overtook social networking apps in usage terms. The likes of WhatsApp, Facebook Messenger, WeChat are now the preferred means of communication on mobile devices.

Real-time communication by mobile has been a major factor in changing our attitudes and behavior in the way we shop – at our convenience.



A survey by Research & Data Insights found that phones are no longer about making calls, 70% of us say that messaging is now our main mobile pastime.

One third of the world's population (over 2.5 billion) now uses a messaging platform to communicate with one another. One of the appealing things about these messaging platforms, or 'chat' as they have become known, is that they are a real-time channel that can operate at scale and that fits in with today's 'now' society. Life is all about fast living. Recent research by British supermarket Waitrose, as an example, found that the majority of us (over 50%) regularly don't decide what we're having for dinner before lunchtime.

So how does all this affect grocery retailing?

Chat is opening up new channels of communication between retailers (or brands) and their customers.

So-called chatbots have been developed which adopt text-based messaging as an interface between shopper and retailer Q&A software. They simply involve passing keywords from a user's message into a search engine and then returning the results in a messaging window.

The feasibility of Chat becoming popular between businesses and customers took a massive step forward in 2016, when Facebook decided to enable retailers to create chatbots, using its Messenger platform. This meant that customers didn't need to download and install a new retailer specific app – it meant just inviting a bot to a Facebook conversation and then interacting with it.

By doing so, this mechanism overcame a growing obstacle, in as much as nearly 50% of smartphone users will no longer download new retail apps. With over 5.5 million apps to choose from, keeping front-of-mind and relevant to the shopper was, and continues to be, a major challenge.

According to Facebook, after Sephora, the beauty products retailer, launched its appointment schedule service via Messenger, its in-store makeover bookings increased by 11%. Whole Foods was another retailer quick to pick up on the use of Messenger. In summer last year, it launched a recipe chatbot, where shoppers could get recommendations from a robot chef through Facebook Messenger, by texting ingredients or cuisine type, to inspire shoppers anywhere, anytime and make recipe-discovery easy.

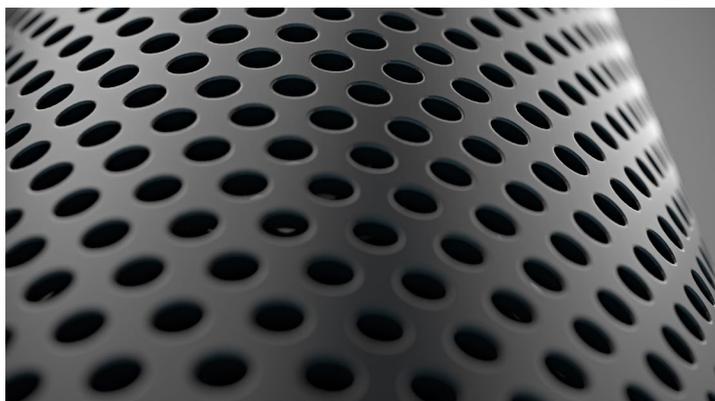
Other platforms are following suit. In June this year Apple announced plans to launch Apple Business Chat. WhatsApp will soon be testing its business exchange features too. And, of course, WeChat is well ahead of anything seen in the west.

In truth, first generation chatbots are quite rudimentary and structured in what they can do; they are used for basic customer service and order fulfilment. The next generation will be capable of learning from customer interactions and the interactions will be far more conversational, more human and concierge-like, thanks to the progress being made in machine learning, AI and natural language processing. They will also be able to switch to live human helpers at the moment a customer needs to do so.

Chat isn't the only new communication tool available to retailers. Voice-activated virtual assistants such as Amazon's Alexa, Apple's Siri and Google Assistant are also attracting interest from consumers.

Echo Dot that houses Alexa was the top selling product on Amazon Prime Day in 2017. Alexa has dominated so-called "conversational commerce" early on, but Google is now linking Google Assistant and Google Express through Walmart and Costco to offer voice-activated ordering.

A recent survey by the American PR consultancy, Walker Sands, reported that 24% of consumers now own a voice-controlled device and another 20% are planning to purchase one next year.



This new retail communications technology is still finding its audience.

23% of people don't know what a chatbot is and less than 10% of respondents had used a retail chatbot (source: IFTTT, 2017).

6% of retailers are currently deploying mobile chatbots, but 31% plan implementing them within the next 12 months

Source: Forrester Research, 2017

But there is a risk, of course - consumers may not like companies operating in spaces previously reserved for conversations between friends and family.

According to Gartner, the risk is a small one. It predicts that in 3 years' time, 85% of customer interactions with businesses will be managed without a human.

So it seems it won't be long before you're heading home, in your driverless car, after a busy day in the office, having a conversation with a robot, going something along these lines:-

"I think I fancy a curry tonight – what do you recommend?"

"Well, James, if it is just for you, I'd recommend the lamb biryani ready-to-go which has had rave reviews this week. I know you like your curries spicy and you haven't had this one yet.

"But if Melanie is coming over for dinner, why not surprise her by making a chicken balti from scratch. I'll drop off all the ingredients and the recipe at your home in 10 minutes and it will be on the table by 8pm. Some of that Rioja you bought last week will

go really well with it. The wine cellar tells me that you have two bottles left."

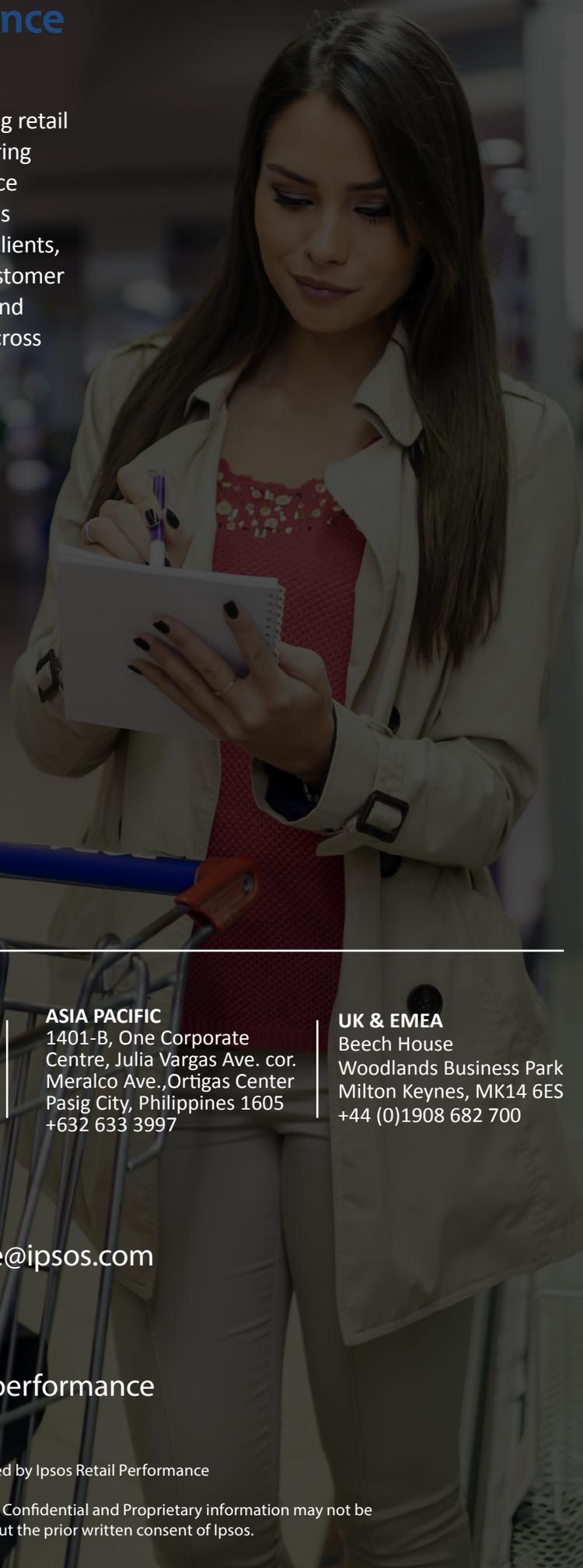
This personalized, instant and frictionless experience in which we buy on demand at our convenience is possible thanks to the development of the internet and mobile technology, and is a lifetime away from the weekly family trip to the supermarket.

How quickly it becomes part of our everyday shopping routine is difficult to say. If you're a technocrat you'd probably answer within a year, but paraphrasing the Apollo astronaut, Neil Armstrong: there is a tendency for us to over-estimate what will happen over the coming 12 months and underestimate the progress that will be made in the next decade.



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