SMART SPEAKER CONSUMER ADOPTION REPORT

MARCH 2019

AUSTRALIA

FIRST.

voicebot.ai™

GIVING VOICE TO A REVOLUTION

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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. 654 Australian adults age 18 or older completed the entire survey. 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 FIRST

FIRST is a specialist digital agency focused on digital strategy, user experience, conversation (voice) and web design, and development. Through our robust methodology and process, we develop best-of-breed solutions that deliver engaging experiences for customers, and strong results based on your business goals.

First.com.au

Australia Vaults Past U.S. Smart Speaker Adoption

Smart speaker popularity grew quickly in Australia outpacing all other markets we have evaluated. In fact, Australian smart speaker adoption was so rapid in 2018, that the user base relative to population now exceeds the U.S. despite having the devices available for less than half the time.

At the end of December 2018, there were about 5.7 million Australians with smart speakers out of an adult population of about 19.3 million. That means 29.3% of all Australian adults have access to a smart speaker up from zero 18 months prior.

Faster adoption has been accompanied by more intense usage. While daily smart speaker users are nearly identical to the U.S., monthly users are slightly higher and more Australians have tried many of the common use cases compared to their American counterparts.

More Smart Speakers Driving More Voice Use on Other Devices

With nearly 1.8 smart speakers per user, that means over 10 million devices have been sold in the country to date. This has also led to voice assistant use rising on other devices. Over 43% of smart speaker owners say they are using voice assistants on their smartphones more since purchasing a smart speaker.

Google Dominates in Australia the Way Amazon Used to in the U.S.

Amazon Echo and its related Alexa products were first-to-market in the U.S. and maintain dominant market share today exceeding 60% despite fierce competition. Google Home is the key challenger but has only amassed a little over 20% market share. In Australia, the roles are reversed.

Google Home has dominant market share exceeding 68% and Alexa is a distant second with only 14.2% of the installed base while Apple HomePod claims 5.5%. The dominance extends beyond smart speakers into smart displays where Google Home Hub, despite arriving late in 2018, has already captured 41.5% relative market share in the category compared to Amazon's 13.2%.

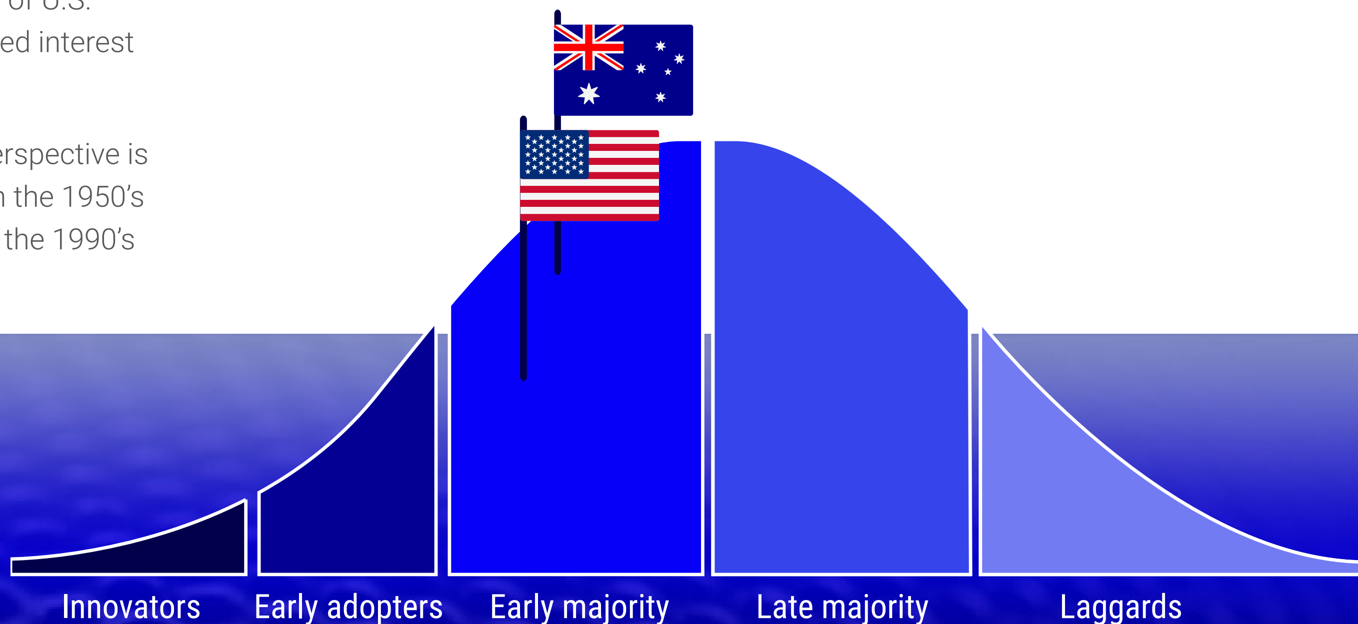
A Rapidly Evolving Smart Speaker Ecosystem

Voicebot reported in the autumn of 2018 that Phase 1 of smart speaker adoption was over and we were entering Phase 2 which will be characterized by the influx of more casual users and the introduction of new product form factors. Australia still seems to have many power users of the technology and has more aggressively adopted smart displays. Over 22% of smart speaker owners have added a smart display to their device collection compared to just 13% of U.S. users. It is another area where Australians are showing their unmatched interest in voice-first use cases.

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 in the U.S. and popularized in Silicon Valley in the 1990's by Geoffrey Moore.

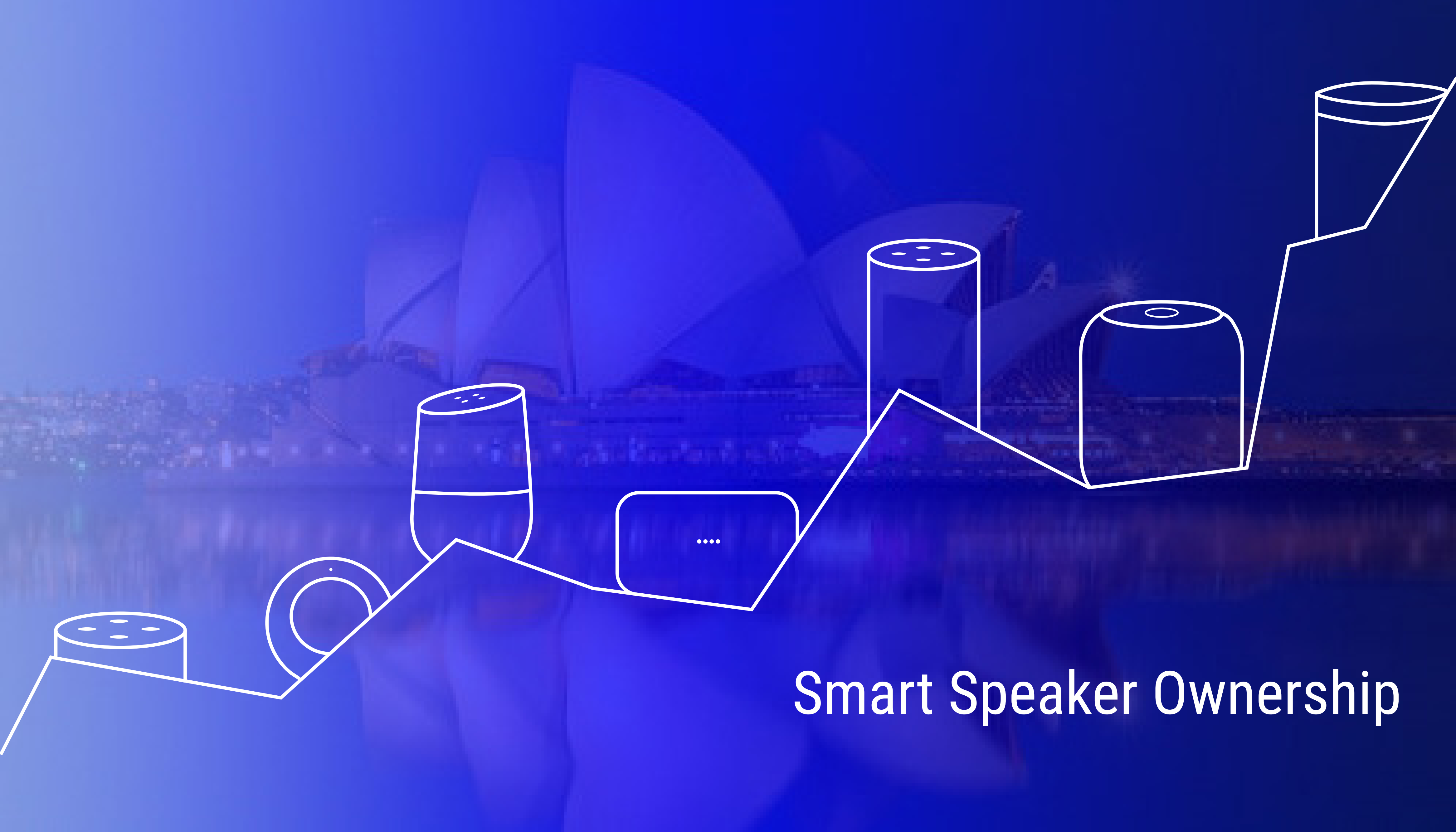
The model posits that about 16% of the user population will be "innovators" and "early adopters" followed by 34% that will be among the "early majority." With more than 29% population adoption in Australia, smart speakers are securely in the "early majority" segment today and are now ahead of U.S. adoption.

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.



Smart Speaker Adoption Curve - Australia and U.S.

Source: Voicebot SSCAR Jan 2019 - Australia


Smart Speaker Ownership

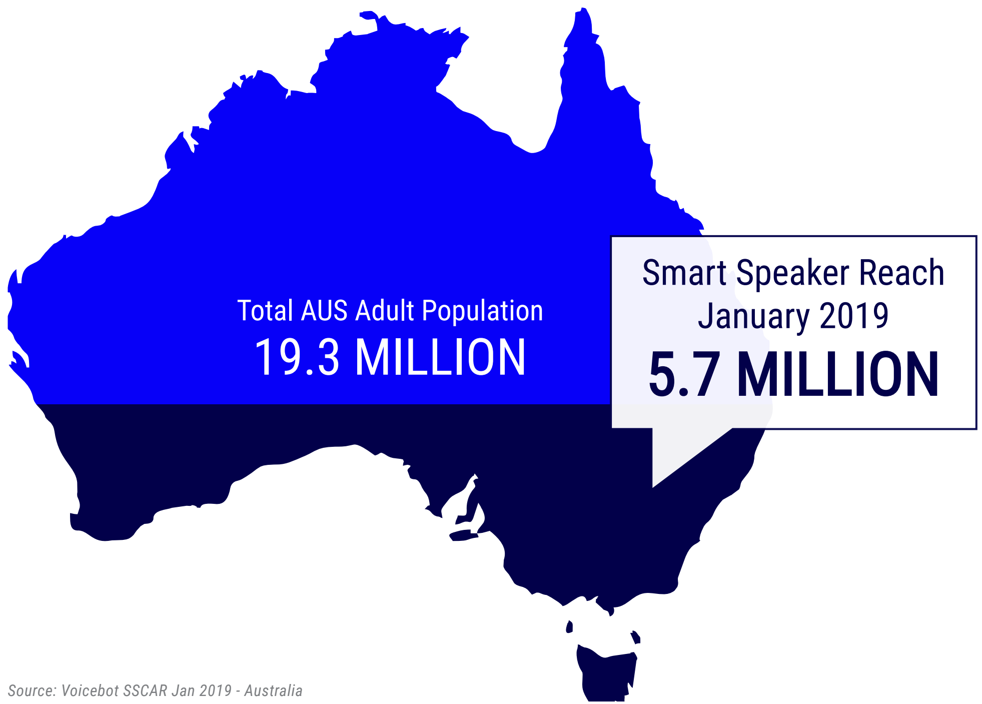
Australia Smart Speaker Owners Reach 29.3% in 2018, Leaps Past U.S. Adoption

The percent of Australian adults that own smart speakers rose to 29.3% of the population, rising about five-fold over the past year to 5.7 million. Maybe the most surprising aspect of this rapid adoption is that Australia just surpassed the U.S. in relative smart speaker adoption by population.

U.S. observers had already moved past the notion that smart speakers may be a novelty as they are in such widespread use, and Australians can also leave those thoughts aside. The remarkable finding for Australia is the rapid adoption acceleration that is approaching 30% of the population only 18 months after Google Home first launched in the country and less than one year after the arrival of Amazon Echo and Apple HomePod.

Some Australian retailers confirmed that smart speakers were difficult to keep in stock during the holiday shopping season. Third-party voice app publishers also revealed to Voicebot that their user session counts spiked dramatically around Christmas. Consumers have flocked to smart speakers in Australia like no other country to date.

Australia Adult Smart Speaker Installed Base - January 2019



Source: Voicebot SSCAR Jan 2019 - Australia

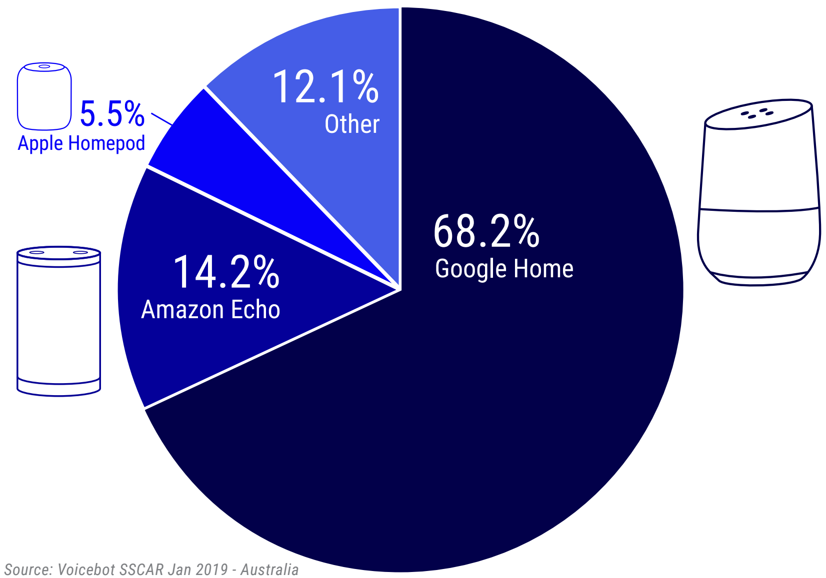
Google Home Established Dominant Market Share Based on First-to-Market Advantage

Google Home smart speakers account for 68.2% relative market share in the category, nearly five times greater than Amazon Echo's 14.2%. The "Other" category which includes Sonos One smart speakers, Facebook Portal and smart displays run on Google Assistant represented the third largest category at 12.1%. Apple was in third-place among smart speaker manufacturers with 5.5% to edge out Sonos' 3.8% share of users.

Interestingly, this market share breakdown is fairly similar to the U.S. in 2017, but in reverse. Amazon Echo had a two-year head start in the U.S. and about 71% market share three years after introduction while Google Home vaulted to about 18% one year after its launch. There are plenty of factors that go into smart speaker adoption trends, but a critical factor appears to be market entry timing. Amazon Echo launched in Australia six months after Google Home and critically missed the entire 2017 holiday shopping season when initial consumer habits were forming.

In addition, Amazon.com.au has nowhere near the user footprint that it commands in the U.S., only adding electronic goods in 2018 and having about one-third the Prime membership rate. Apple, Sonos, and Facebook all were able to command initial market share gains in Australia slightly ahead of their first-year performance in the U.S. likely at the expense of a fast following Amazon Echo.

Australia Smart Speaker Market Share by Brand January 2019



Source: Voicebot SSCAR Jan 2019 - Australia

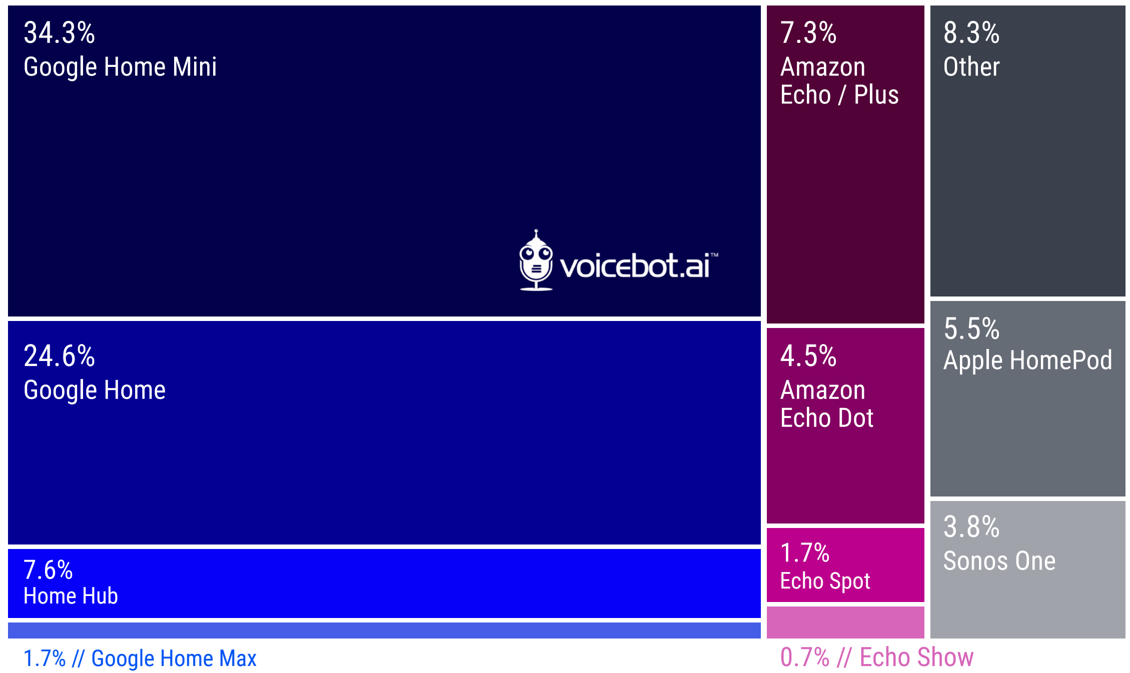
Low Price Speakers Account for 39% of Market

Google Home Mini is the most widely adopted smart speaker in Australia by a significant margin with 34.3% relative market share. The AUD $79 device was steeply discounted during the holiday shopping season. Amazon Echo Dot is similarly priced but only managed to accumulate 3.4% of Australian users. Together, the value segment of smart speakers accounted for 39%, slightly below the U.S.

The second and third most popular devices were Google Home and Google Home Hub at 24.6% and 7.6% respectively. That was followed by Amazon's top selling device, Amazon Echo and Echo Plus at 7.3%. The fifth spot was held by Apple HomePod at 5.5%.

Amazon Echo may have lower market share in terms of users, but device owners are about 50% more likely to own multiple devices. About 62% of Amazon Echo owners report having multiple devices compared to 56% for Apple HomePod and only 42% for Google Home. So, Google Home is capturing the vast majority of casual smart speaker owners while Amazon and Apple are skewed toward heavier users.

Australia Smart Speaker Market Share by Device - January 2019



Source: Voicebot SSCAR Jan 2019 - Australia

1 in 5 Australian Smart Speaker Owners a Has Smart Display

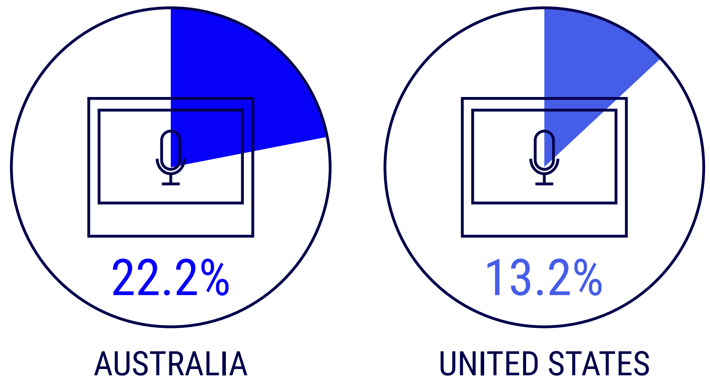
Exceeds U.S. Smart Display Adoption

More than one in five smart speaker owners in Australia have purchased a smart display. That is nine percentage points higher than in the U.S. The breakout leader in the category is Google Home Hub which only became available in October 2018. Google Home Hub captured 41.5% share of smart displays with the “Other” category totalling over 45%. More than half of the “Other” category include Google Assistant-enabled devices which gives Google Assistant more than two-thirds market share in smart displays.

Amazon Echo Show and Spot didn’t arrive in Australia until 2018, but were available before Google Home Hub and yet still only managed to capture 13.2% of the smart display category. That is just slightly behind the company’s relative share for all smart speaker users.

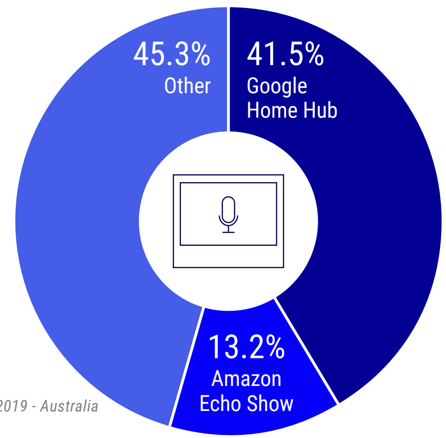
Today, smart displays in Australia are either Alexa or Google Assistant enabled regardless of the manufacturer. Facebook has its own assistant for a limited number of features related to video chat, but also includes Alexa onboard. The rapid adoption of smart displays combined with the deeper integration with smart TVs should provide voice app developers with ample incentive to create multimodal solutions that take advantage of screens as well as voice interactivity.

Percent of Smart Speaker Owners with Smart Displays



Source: Voicebot SSCAR Jan 2019 - Australia

Australia Smart Display Market Share January 2019



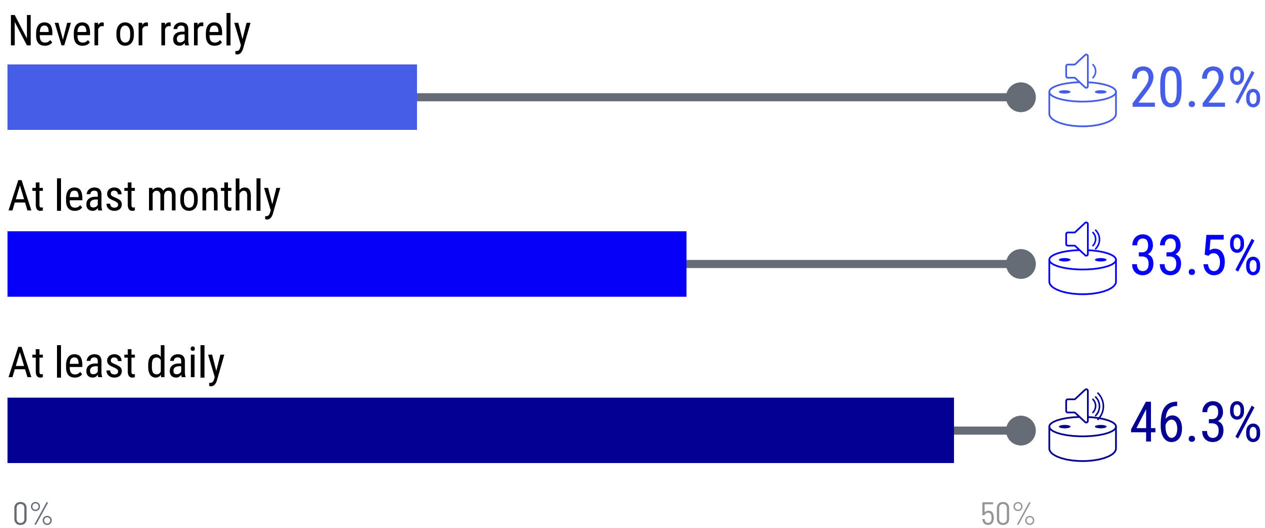
Source: Voicebot SSCAR Jan 2019 - Australia

80% of Smart Speaker Owners Use Them at Least Monthly

Eighty percent of smart speaker owners in Australia say they use them as least on a monthly basis. Over 46% use them on a daily basis. That means about 2.6 million Australians are using their smart speakers every day.

The proportion of daily users in Australia is nearly identical to the U.S. However, Australians do claim a higher number of monthly users and lower number of infrequent users than the Americans. The key takeaway is that smart speakers aren't just a novelty purchase. Once smart speakers arrive in consumers' homes, they are used with high frequency.

Smart Speaker Frequency of Use

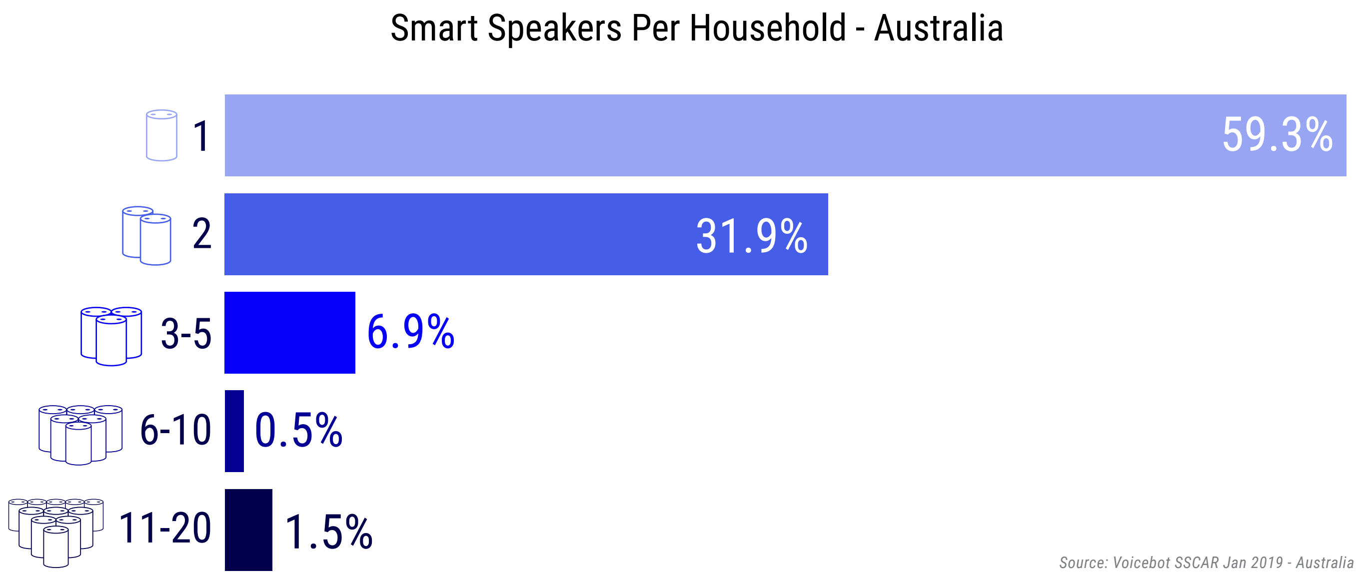


Source: Voicebot SSCAR Jan 2019 - Australia

Smart Speakers Per Household Rise to 1.8

Australian smart speakers owners have adopted at a faster rate than U.S. consumers, but also have been purchasing multiple devices at a faster pace. After 18 months of availability, Australian smart speaker households average 1.8 devices each. It took U.S. smart speaker households three years to reach that level of multi-device ownership.

The adoption of multiple devices is correlated with a higher perceived value of smart speakers and higher likelihood of being a daily device user. Over 68% of smart speaker owners with multiple devices report being daily active users. This isn't surprising. The most dedicated users want smart speakers in more than just one room so it is always within earshot.

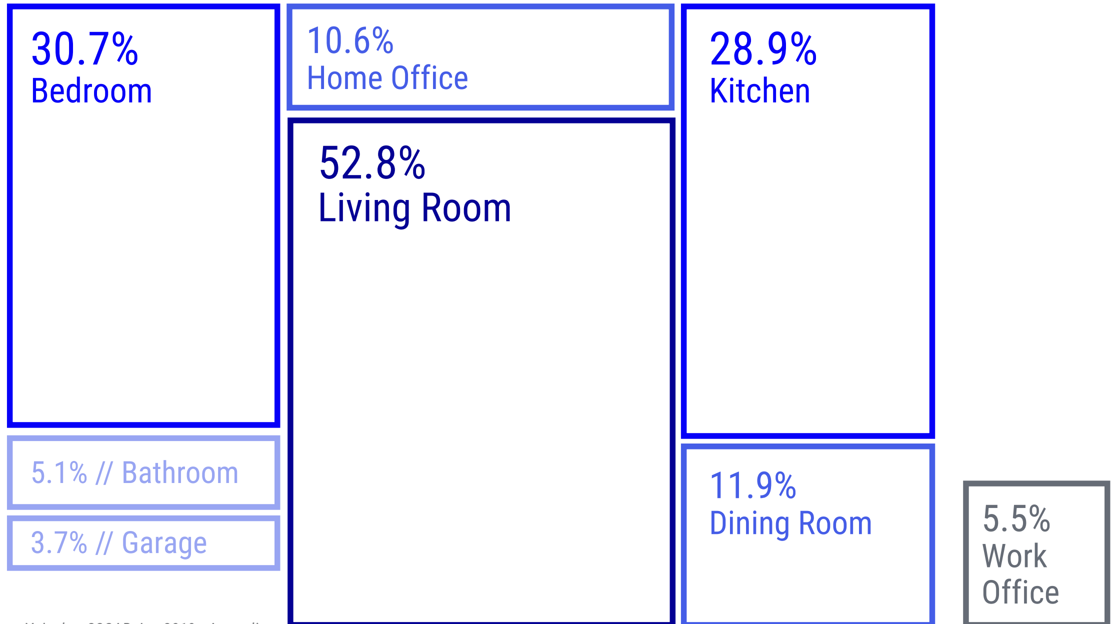


Living Room and Bedroom are Most Popular Locations

The living room is by far the most popular location for placing smart speakers in Australian homes. Over 58% of all smart speaker owners say they have a device in the living room compared to 30.7% in the bedroom and 28.9% in the kitchen. This is the same order of preference as the U.S. although Australians are more skewed toward the living room.

Australians are also about twice as likely as U.S. smart speaker owners to have a device in the dining room and at their work office while slightly less likely to have them in a home office. Consumers seem to be comfortable placing a smart speaker just about anywhere in the home so it is always available to listen for a command.

Where Consumers Have Smart Speakers



Source: Voicebot SSCAR Jan 2019 - Australia

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

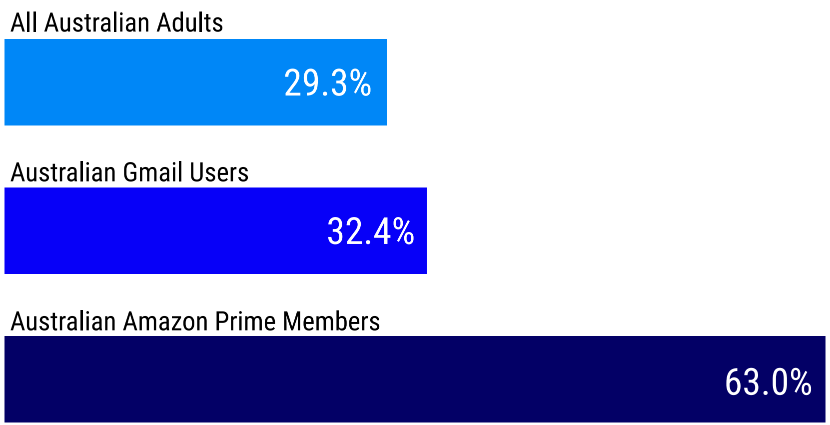
Amazon Prime and Gmail Users More Likely to be Smart Speaker Owners

Amazon Prime members are twice as likely to own a smart speaker and 61% more likely to own an Echo branded device than the average consumer. However, even though a whopping 63% of Prime Member say they own a smart speaker, the majority of them still are far more likely to own a Google Home device.

Among Prime members Amazon Echo device market share rises to 22.9% with Google Home at 57.9%. Prime members account for a slightly lower market share for Google Home, Mini, and Max, but Google Home Hub has 3% more share with this cohort than the average consumer. Apple HomePod also commands a higher market share within this group.

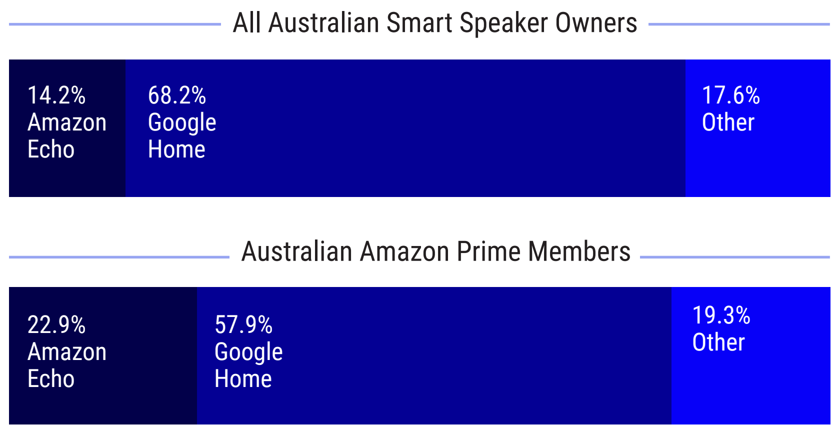
Gmail users are about 10% more likely to own a smart speaker than the average consumer, but the market share of individual devices does not differ materially from the overall sample. Whereas Prime membership shows a clear correlation to higher smart speaker ownership and Amazon Echo selection, Gmail use has little or no discernable impact on device selection.

Australia Smart Speaker Ownership Rates January 2019



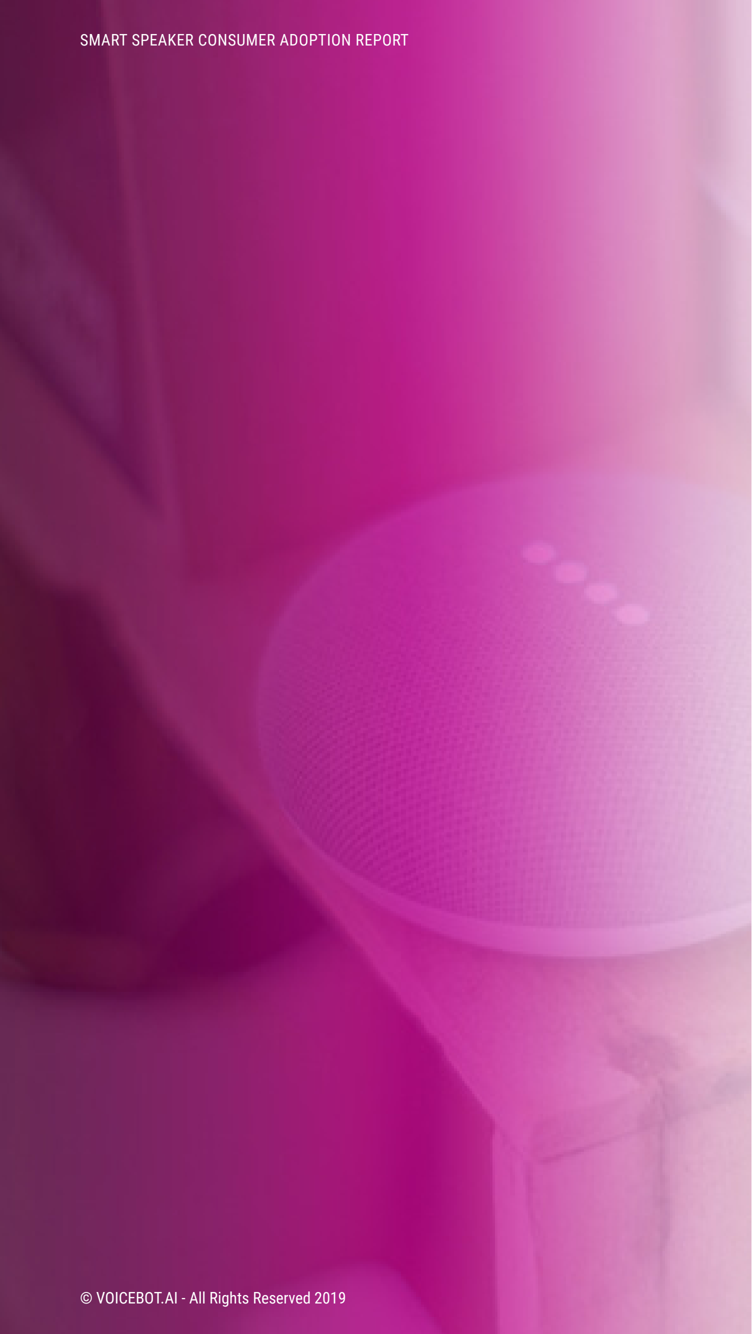
Source: Voicebot SSCAR Jan 2019 - Australia

Amazon Prime Member Smart Speaker Market Share Australia January 2019



Source: Voicebot SSCAR Jan 2019 - Australia


Smart Speaker Use Cases



Questions, Music, & Weather Most Popular Use Cases

The top three smart speaker use cases for Australians are asking general questions, playing streaming music, and learning about the weather. Over 80% of all smart speaker owners have tried these use cases, more than 70% say they are using them monthly, and more than 40% return daily. The figures are very similar to U.S. data but higher for the monthly and daily use frequencies..

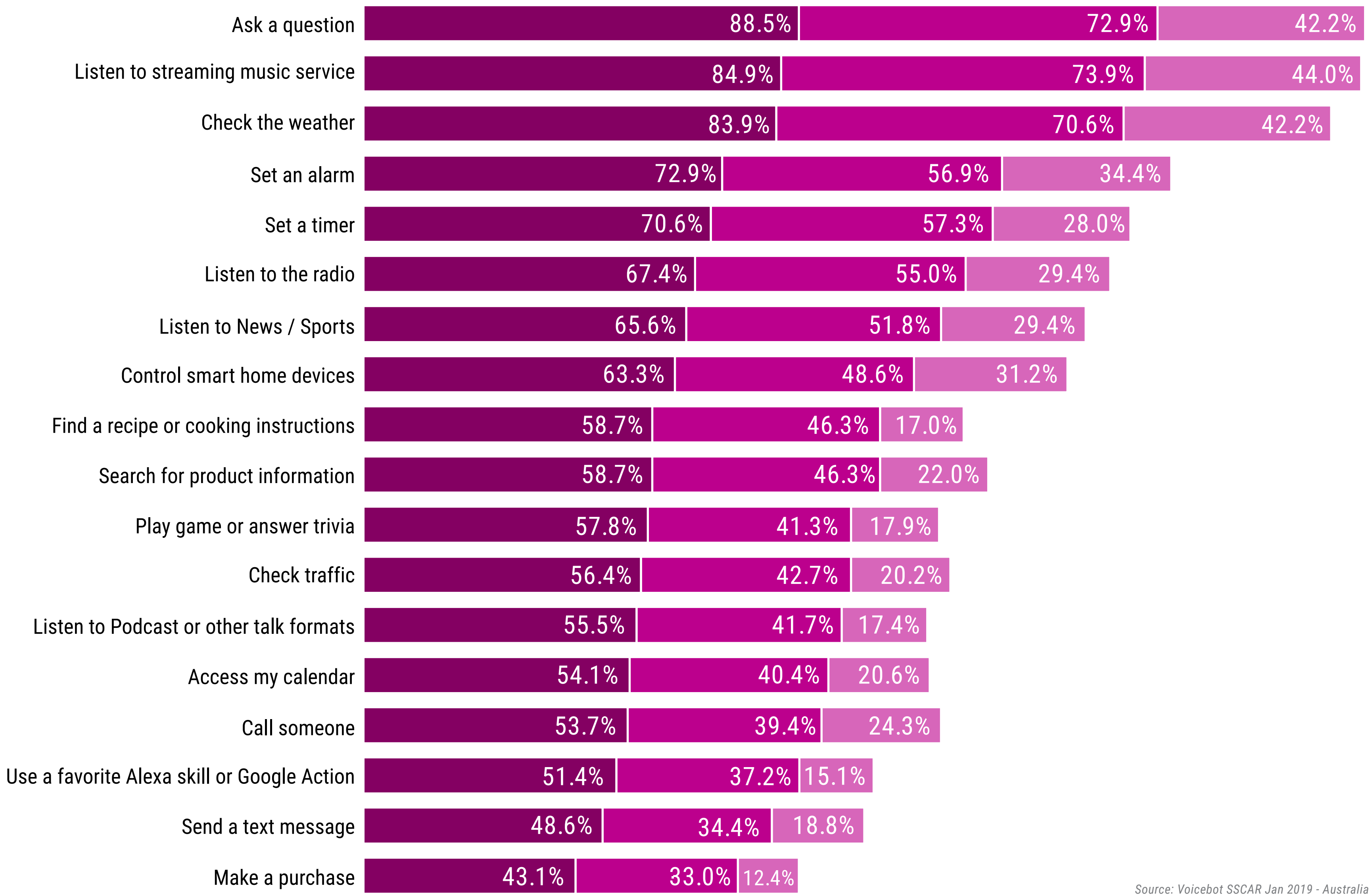
Also like in the U.S. where smart speakers have been around for nearly three years longer, the top three use cases are followed by alarms, timers, radio, news, smart home, recipes, and product information search. In fact, the rank order of use cases ever tried by Australian and U.S. users is identical. The key difference is Australians are more likely to have tried smart speaker cases and do so with a higher monthly and daily frequency than their U.S. counterparts. The lone exception to this is that U.S. users are slightly more likely to be daily users of recipes and cooking instructions provided through smart speakers.

Frequency Sometimes More Important Than Trial

An area where Australians differ even more significantly than U.S. users is in smart home device use. Over 48% of Australian smart speaker owners say they use voice to control smart home devices on a monthly basis and 31% with daily frequency. In the U.S. those figures are 29% and 11% respectively. This difference is even more surprising given that data from Statista suggests that only about 25% of Australian households have smart home devices compared to 33% in the U.S. So, the higher frequency of use in Australia for smart home devices is even more pronounced than may be initially apparent.

You will notice that many analyses of smart speaker use only focus on what device owners have tried. This offers a fairly reliable 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, over one-third of 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.

Smart Speaker Use Case Frequency January 2019



Source: Voicebot SSCAR Jan 2019 - Australia

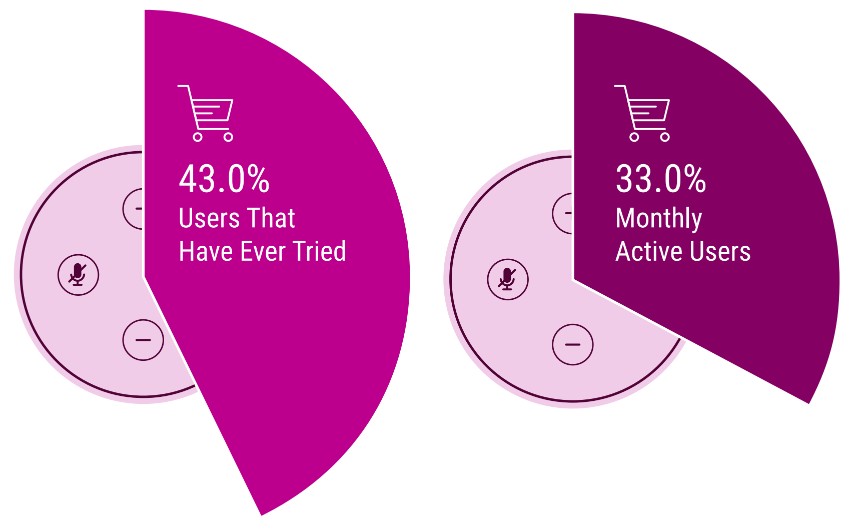
Voice Shopping Adoption Faster Than U.S.

Voice commerce may turn out to be popular more quickly in Australia than in the U.S. where there are mixed views on its future. Over 43% of Australian smart speaker owners have tried shopping using the devices and one-third say they are now using the feature monthly. That is a surprisingly quick adoption for a country that has few voice shopping options today.

The Australian voice shopping activity exceeds that of the U.S. in both relative proportion of users making purchases and searching for product information. Australian smart speaker owners are 65% more likely than their American counterparts to have made a voice purchase on a smart speaker and 120% more likely to claim to be a monthly active voice commerce user. They are also 61% more likely to be asking their smart speaker about consumer products each month than the Americans.

Some local observers have suggested these purchases are likely small dollar transactions, donations, and digital goods acquisitions that may be completed on mobile after initiation on voice. Regardless, the consumer adoption rate shows a strong willingness among Australians to leverage voice technology for a wide variety of daily tasks. Retailers and consumer brands are sure to look seriously at this emerging trend as consumer activity in voice commerce means that spending is shifting to a channel where many have no presence today.

Monthly Active Smart Speaker Voice Commerce Users
Australia - January 2019



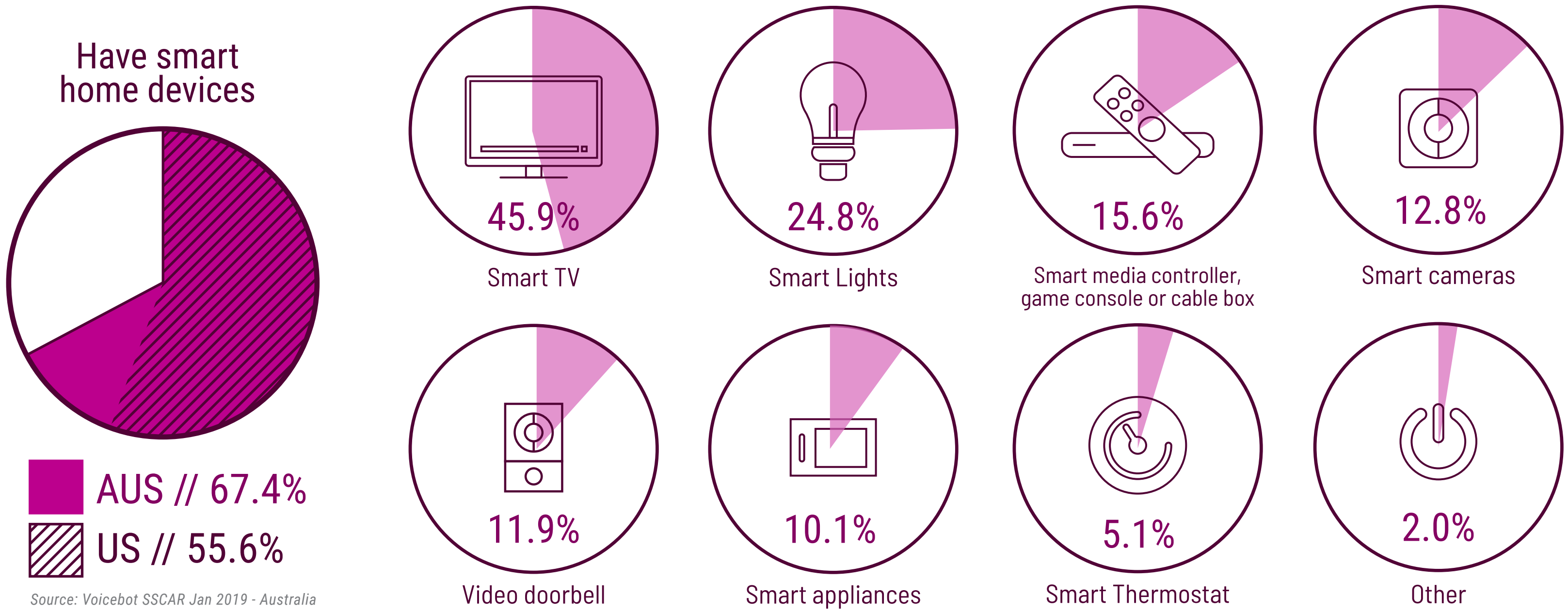
Source: Voicebot SSCAR Jan 2019 - Australia

Smart Home Devices Popular with Smart Speaker Owners

Smart home devices are popular among Australian smart speaker owners. While smart home ownership among the general population is about 25% of households, the figure is just over 67% of smart speaker households. That suggests smart home use has been a catalyst for smart speaker adoption and likely the reverse is true as well. Google and Amazon are frequently bundling smart home devices with smart speaker promotions to entice purchase and present an immediate impact use case for new owners.

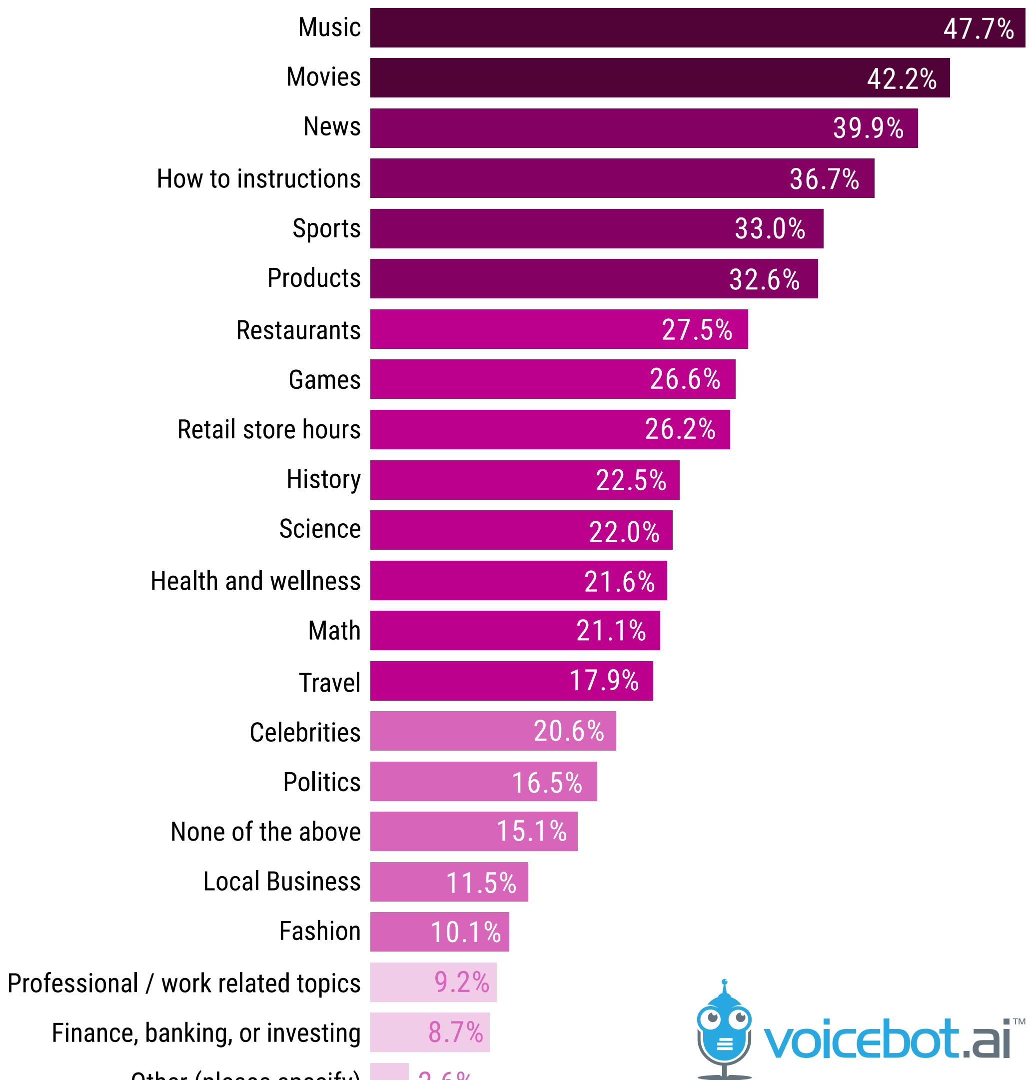
The most popular smart home device by far among smart speaker owners is smart TVs at 45.9%. That is followed by smart lights at 24.8% with smart media controllers and video game consoles well behind at 15.6%. The use of smart cameras, video doorbells, and smart appliances are bunched together counting between 10% and 13% adoption. Overall, the Australian adoption rate of smart home devices by smart speaker owners is materially higher than in the U.S.

Smart Home Devices Used by Smart Speaker Owners



Source: Voicebot SSCAR Jan 2019 - Australia

Question Category Frequency on Smart Speakers - Australia 2019



Source: Voicebot SSCAR Jan 2019 - Australia

Music, Movies, and News Lead in Question Topics

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 the most common at about 48% of users. This is followed by Movies and News which were identified by 42.2% and 39.9% of users respectively.

Not too far behind were “How to” Instructions, Sports, and Products respectively identified by 36.7%, 33.0%, and 32.6% of users. The next tier of questions clustered in the 26% to 27.5% range and included Restaurants, Games, and Retail Store Hours.

While Australian smart speaker users were generally more likely than their U.S. counterparts to ask questions in each category, Music and History are notable exceptions. Both categories were the source of inquires by more Americans. Three other categories of note were Travel, Products, and Games where Australians asked questions at a 10% - 12% higher rate.

Source: Voicebot Smart Speaker Consumer Adoption Report Jan 2019

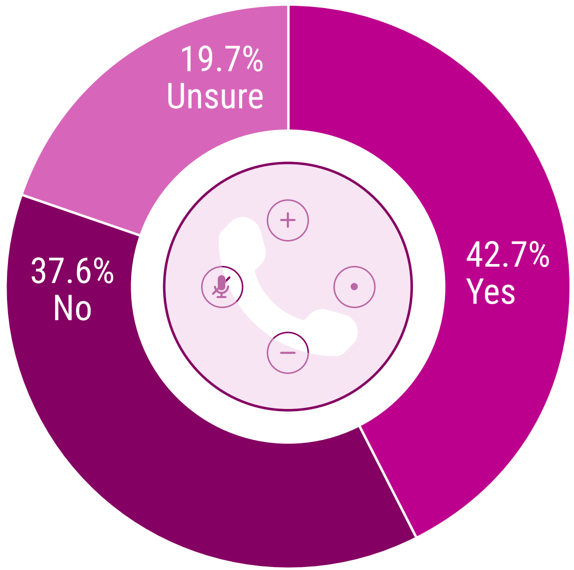
Customer Service Coming to a Smart Speaker Near You?

Companies everywhere are starting to think about how smart speakers can help address common customer service questions. The rapid growth in smart speaker adoption has introduced a new consumer touchpoint in the home that is very convenient for asking all sorts of questions. Those questions will inevitably include customer support for products and services.

At a basic level, this could be an FAQ from a company's website repurposed for a voice interaction. The goal will be to provide customer convenience and deflect inbound call center contacts where practical. This could include switching the customer to a mobile, online, or call center channel when voice cannot adequately address the inquiry. A more advanced implementation might include account linking and accessing information specific to a particular user or enabling users to connect with a live agent.

Today, 42.7% of Australians would like to be able to use their smart speakers to contact customer service departments. Only 19.7% are unsure and just under 38% are not interested. This uninterested group is very similar to U.S. sentiment, but the interested group is more than 10% higher. This could be a significant opportunity for customer service departments to increase customer satisfaction and help them resolve issues more quickly.

Australian Consumer Interest in Smart Speaker Use for Customer Service



Source: Voicebot SSCAR Jan 2019 - Australia

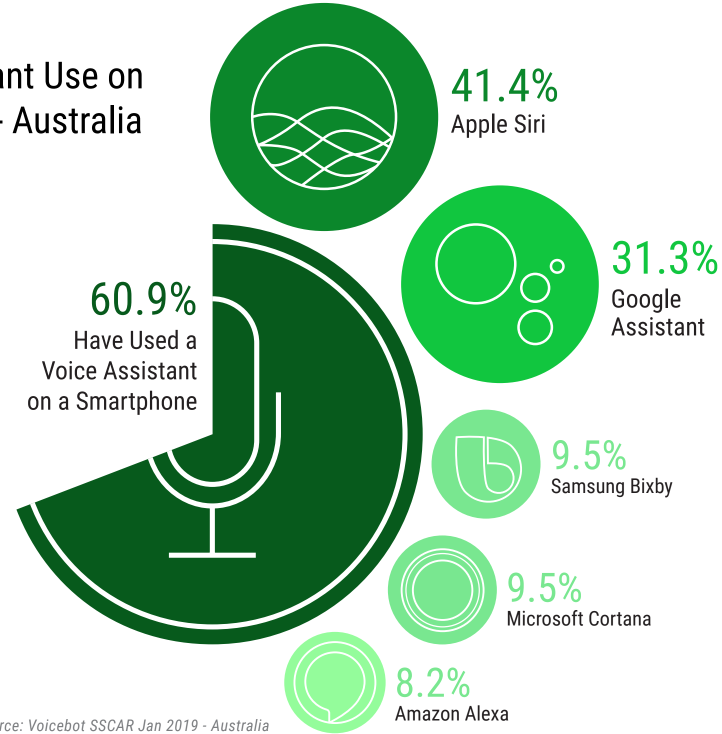

Voice Assistants on Smart Phones

Voice Assistant Use on Smartphones Already High

About 61% of all Australian adults have used a voice assistant on smartphones and 69% of those owning the devices. In that regard, trial of voice assistants on smartphones is similar to the U.S. Also similar is the fact that Apple Siri is the most used voice assistant on smartphones today followed by Google Assistant with 41.4% and 31.3% relative installed base market share respectively.

Notable differences between the markets are about a 10% higher adoption of Google Assistant in Australia and more than 50% higher adoption of Samsung Bixby and Microsoft Cortana which placed in third and fourth place. Much less popular is Amazon Alexa. It has been tried on smartphones by about half the relative number of users as the U.S. This is a logical outcome given how low the Amazon Echo smart speaker market share is today. If you don't have an Echo, you don't actually have reason to use the Alexa app and therefore trial of the voice assistant will undoubtedly be less.

Voice Assistant Use on Smartphone - Australia



Source: Voicebot SSCAR Jan 2019 - Australia

Smart Speakers Increase Voice Assistant Use on Smartphones

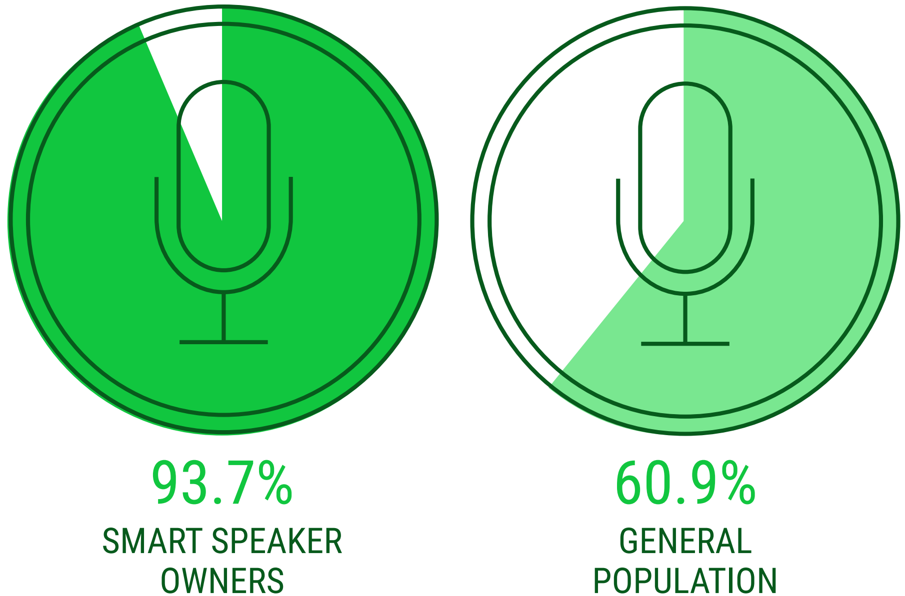
While 61% of the Australian adult population has tried using a voice assistant on their smartphone at least once, this figure climbs to 94% for smart speaker owners. And, the gap between Siri and Google Assistant shrinks to just 2% while Amazon Alexa use on smartphones rises 1.74 times to 14.4%. There is a clear correlation between smart speaker ownership and use of voice assistant on smartphones.

And, there is good evidence to suggest that smart speaker ownership is also causing higher voice assistant use on smartphones. Over 43% of Australian smart speaker owners say that since acquiring the devices they are using voice assistants more frequently on smartphones. Just 13.3% said they are using them less and 31% about the same.

Voice assistant users on smartphones are also more likely to be daily users of smart speakers, 50% versus 46.3%, and show a slightly greater proclivity to be monthly active users. So, voice assistant adoption across one surface often leads to more voice assistant use on other surfaces.

What does this mean? Voice will not be contained to a single surface. You should not think of voice assistants as a smart speaker feature. If you are building a voice app, you should assume it will also be used on smartphones and other devices and consider those user experiences in your design.

Smart Speaker Owner Voice Assistant Use on Smartphones
Australia - January 2019



Source: Voicebot SSCAR Jan 2019 - Australia


Voice App Discovery

Friends are the Most Common Source of Voice App Discovery

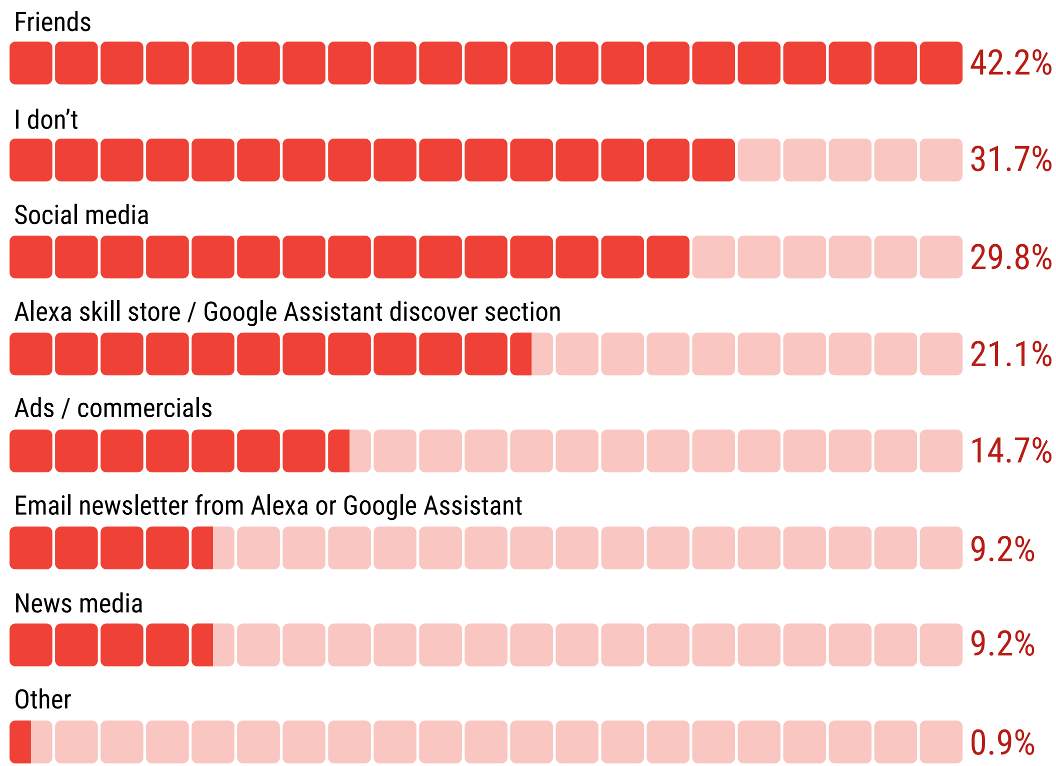
The most common way for smart speaker owners to discover new voice apps to try is through friends. Over 42% say friends introduce them to new Google Actions and Alexa skills to try while 29.8% say social media plays a similar role. These are also the top two most common discovery channels for U.S. users.

However, far more people say they are discovering new voice apps in Australia (68.3%) than in the U.S. (50.3%). This higher proclivity to discover new voice apps also translates into greater impact of friends and social media on Australians.

The third most common discovery method at 21.1% are the Google Action and Amazon Alexa skill stores online and in the respective mobile apps. This was followed by a smaller group of users between 9-15% that cite advertisements, news media coverage, and the weekly emails Amazon and Google send to device owners.

Discovery is the top issue facing third-party voice app publishers today. The voice assistant user base is growing quickly and 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 higher rates of discovery.

How Australian Smart Speaker Owners Discover Voice Apps



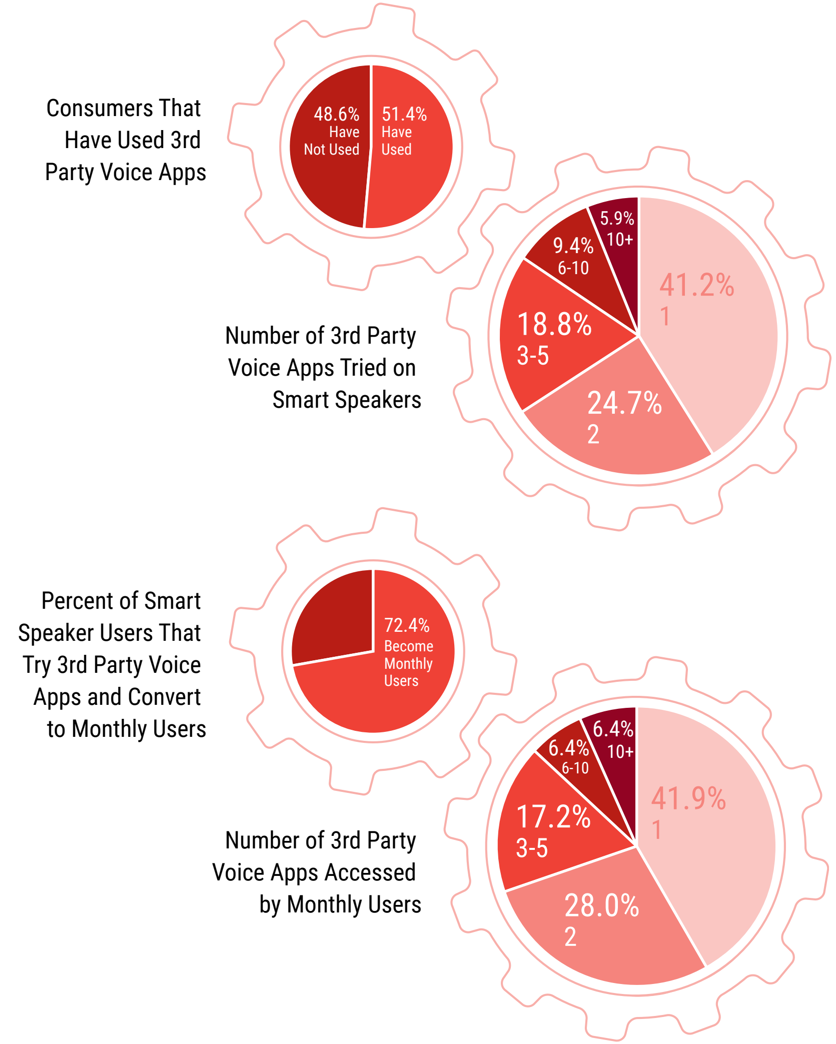
Source: Voicebot SSCAR Jan 2019 - Australia

Number of 3rd Party Voice Apps Tried on Smart Speakers

Just over half 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. The figure of 51.4% is nearly identical to U.S. users. However, 41% have only tried one and 66% two or fewer which means just one-third have tried three or more third-party voice apps. When we consider that only about half of smart speaker owners have ever tried third-party voice apps, only 17.5% of all smart speaker owners have tried more than two.

Even more interesting, just about 72% of smart speaker owners that try third-party voice apps say they become monthly users. With that said, this means 72% of users employ third-party voice apps monthly, not that the conversion rate is that high for each app. Since Australian third-party voice app users tested out an average of three Alexa skills or Google Actions, the actual conversion rate to monthly users per app is about 24%.

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.



Source: Voicebot SSCAR Jan 2019 - Australia


Consumer Sentiment
About Smart Speakers

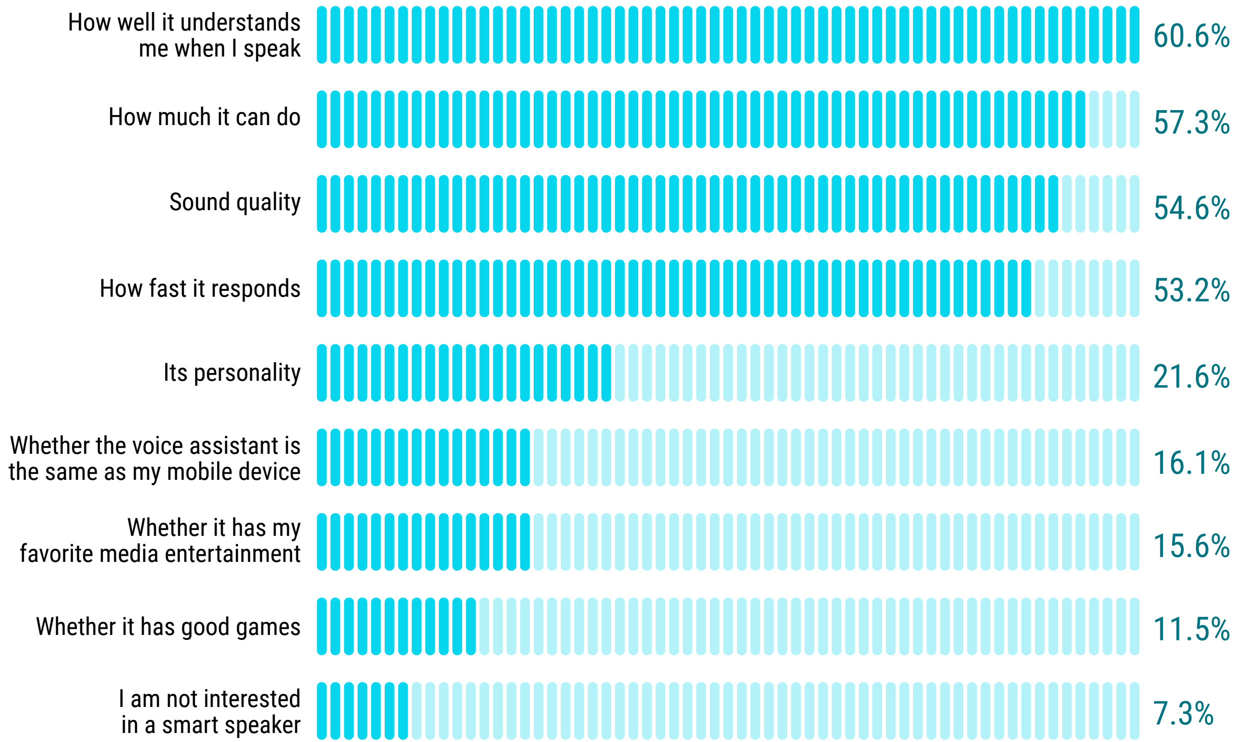
Consumers Want to Be Understood and Have Lots of Features

What do consumers look for when shopping for a smart speaker? Well, 60.6% say how well it understands them is their top concern followed closely with 57.3% by how many features the device has. Not far behind are sound quality at 54.6% and the speed of response at 53.2%. 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 for the voice assistants despite the fact that it is considered important by only 21.6% of Australian smart speaker owners and 15.4% in the U.S. That lower rating may be influenced by the fact that personality is offered by all of the leading voice assistant providers so it is not something consumers feel is lacking. However, personality clearly does not appear to be having an impact today on device selection.

It is also notable that smartphone ownership only influenced smart speaker selection for about one-in-six consumers. Apple, Google, and Samsung would like that linkage to be higher given their dominance of smartphone OS and device sales in Australia.

What Qualities Australian Users Value in Smart Speakers



Source: Voicebot SSCAR Jan 2019 - Australia

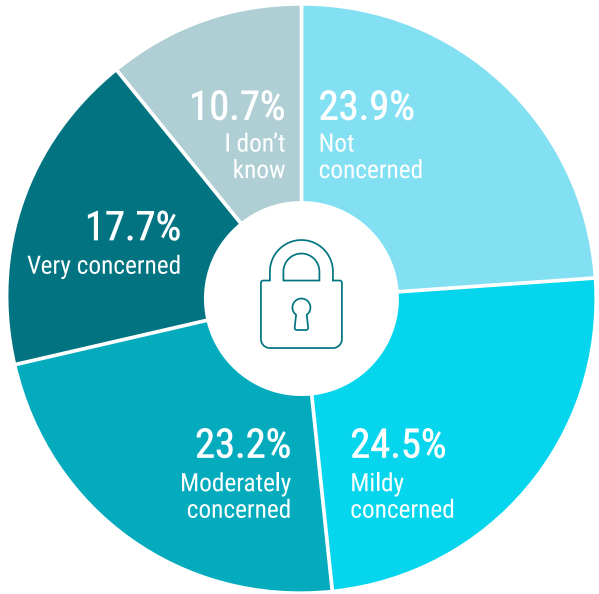
Australians Concerned About Smart Speaker Privacy Risk Still Buy Devices

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 nearly two-thirds of Australian consumers express at least some privacy concerns. The "very concerned" category is 17.7%, considerably less than the 26% response in the U.S. The "not concerned" Australian consumers were 23.9%, slightly outpacing the unconcerned U.S. cohort of 21.5%.

Interestingly, the privacy concerns for all consumers and those that do not own smart speakers are nearly identical. For example, only 17.0% of consumers without smart speakers said they were very concerned about privacy issues compared to 17.7% overall. Smart speaker owners were actually slightly more likely to be very concerned about privacy than non owners. This means consumers are buying smart speakers even if they profess to have significant privacy concerns about the devices.

Apple has made a big deal about asserting that Siri and the iOS ecosystem are more protective of user privacy than its competitors. That pitch doesn't seem to be making much impression on consumers in the U.S. as the most privacy concerned are actually slightly less likely to buy a HomePod. However, in Australia, those very concerned consumers are actually 41% more likely to own a HomePod so the strategy may be working outside of the U.S.

Australian Consumer Perception of Smart Speaker Privacy Risk



Source: Voicebot SSCAR Jan 2019 - Australia

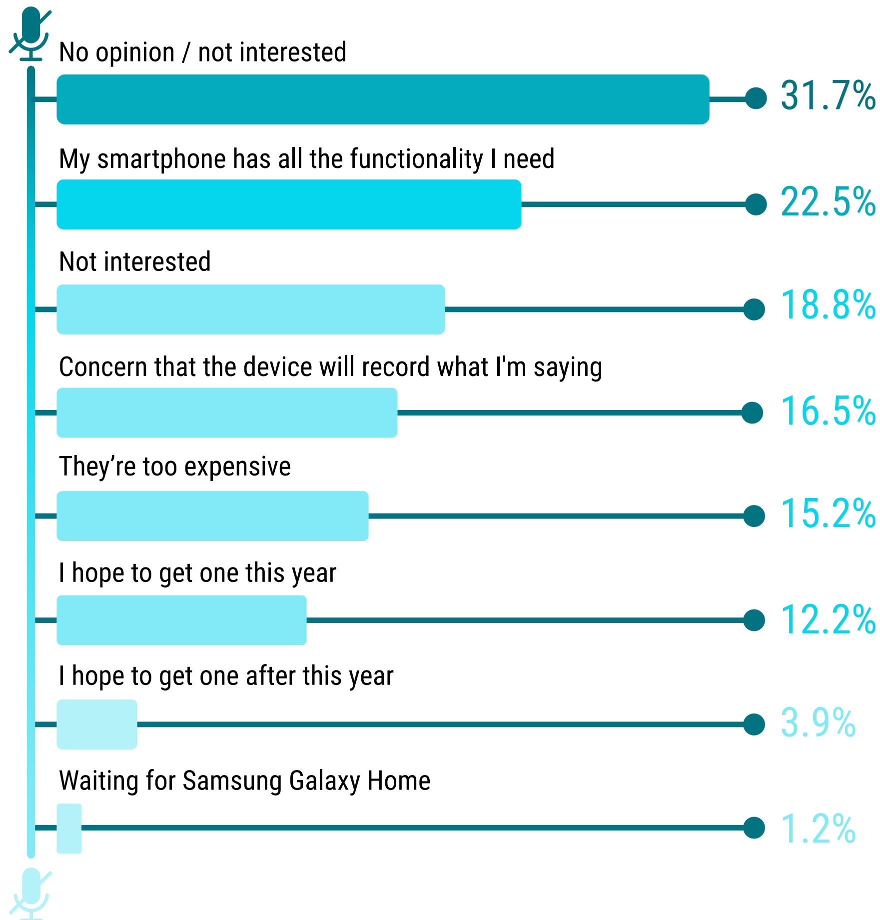
About 16% of Australians Without Smart Speakers are Interested

Just under one-third of Australians without smart speakers are not interested in the product category. That is about equivalent to the U.S. Only 22.5% of Australian consumers that don't own smart speakers say it is because they already have the capabilities they need on smartphones.

The number of consumers without devices that expect to purchase one is 16.1% and three-out-of-four say they will acquire a smart speaker this year. That could lift Australian smart speaker adoption close to 40% by the end of 2019 if these consumers follow through on their intentions.

Another interesting data point is that 15.1% of consumers without smart speakers said this year that price was a deterrent for acquiring a device. That is surprising considering that smart speaker prices are frequently discounted and there is a relatively low entry-level cost of no more than AUD $79. This compares favorably to other electronic device categories, particularly smartphones. With that said, there are many smart speakers in the premium category such as Apple HomePod at AUD $499. That may create a perception of high prices despite the numerous low-cost options.

Non Smart Speaker Owners Opinions About Devices



Source: Voicebot SSCAR Jan 2019 - Australia

Smart Speakers Are a Catalyst for Voice Adoption

The trend line for smart speaker adoption remains on an upward slope and is approaching 30% of the Australian adult population. In addition, another 16% intend to purchase a device and about three-quarters of those plan to do it in 2019. Assuming that comes to pass, Australia may be the first country to surpass 33% population adoption in 2019 and that milestone could be reached within two years of smart speakers first becoming available.

The first-to-market Google Home products dominate the market and together with Amazon control 75% of the smart speaker installed base. 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. The Australian duopoly is visible, but for it to have staying power Amazon Echo will need to significantly expand its market penetration in 2019.

A Catalyst for Voice Adoption Across All Surfaces

Smart speakers may have already done their job promoting voice assistants as over 40% 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. This appears to be doubly true in Australia where two-out-of-three smart speaker owners report having smart home devices as well. Smart home is 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, there are now more smart speaker than smart home 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. That has carried over to the Australian market. 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 autumn of 2018 that we have entered Phase 2 of voice assistant adoption which will be characterized by a focus on daily habit formation and broader usage by the installed base whereas Phase 1 was more about device adoption. Australian adoption moved quickly and is squarely in that Phase 2 category today.

Additional Resources

Smart Speaker Consumer Adoption Report 2019 - U.S.

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In-Car Voice Assistant Consumer Adoption Report

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Voice Assistant Consumer Adoption Report

DOWNLOAD NOW

Voice UX Best Practices Ebook

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