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Voice-Assisted Interfaces And The Future Of E-Commerce

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THOUGHT LEADERS

The U.A.E. has grown into the most mobile and internet friendly country in the Middle East, with over 99% of the population actively using the internet at an average of almost eight hours per day. This has long since led to far-reaching changes in retail. Following the change in interaction brought about by touch screen smartphones, the next major revolution is now imminent with voice-controlled shopping.

Intelligent speech assistants are already disrupting different areas of life, with voice-assisted interfaces not only used for information retrieval, device control or entertainment, but also increasingly for shopping, especially in the U.S. This new trend could revolutionize retail and e-commerce once again.

Simple assistants have evolved to become intelligent systems that are constantly learning thanks to AI. Nowadays they are able to solve complex tasks. As they mimic human interaction, a flexible communication via different media is possible. Voice commerce is becoming increasingly important. Global smart speaker revenues are expected to reach \$17.4 billion by 2022.

What influence will voice-assisted interfaces have on the future of shopping? What will the consequences be? And how can market participants position themselves optimally? Let's look into four possible future scenarios.

Scenario 1: The old world—1,000 little castles

Due to the tightening of antitrust law and data protection, no comprehensive voice solutions are possible. The market for voice assistants consists of non-integrated silo solutions by individual market participants. Franchisers and independent retailers have their own independent voice solutions. This delivers marginal added value to consumers as they have no end-to-end unified digital solution. Middle East franchisers work closely with brands to tailor voice commerce to their specifics to place them more prominently, leading to higher margins.

Scenario 2: Age of heterogenic alliances—100 kingdoms

Alliances are made between large retailers and manufacturers whose specially developed language technologies are based on different standards and cannot be combined. Here the choice of a strong alliance with a franchiser will prove to be vital. This may be bad for



manufacturers and brands, but is positive for large retailers and Middle East franchisers. They have the chance to become the core element of an alliance with a global or international manufacturer as they are the only entry for them into the Middle East market.

Scenario 3: World of aggregators—3 big kings

Large technology companies like Amazon control closed technologically-integrated systems, acting as gatekeepers between

producers, retailers and consumers, with the power to significantly influence supply and demand. Other market players like Noon will need to form alliances with tech giants like Google to capture a slice of voice commerce. For manufacturers and brands this is a positive scenario as they can surpass the franchisers. However, established relationships with retailers and franchisers begin to crumble as the result of a shift towards tech providers. For Middle East franchisers and retailers, this is the scenario with the greatest challenges. A strong increase in price pressure will lead to lower margins, and to remain successful and profitable in the market in the long term, new business models are necessary.

Scenario 4: The new internet—one global emperor

Large tech companies make technology and data available to the public, overjumping retailers and franchisers. It is integrated in all devices, from smart speakers to refrigerators, as well as voice and sensor technology. This is the best scenario for manufacturers, and the worst for franchisers in the Middle East. They access direct sales via tech providers, which gives them the chance to bypass retailers and franchisers. A shift towards mail order and innovative last mile is expected and the market is characterized by enormous price pressure. Loyalty and analytics will be decisive for success. The importance of customer experience and curation as competitive factors will increase.

In 2030, voice commerce could claim a share of 30% of e-commerce revenues. In interconnected scenarios, the impact on e-commerce growth is particularly high. The U.A.E.'s e-commerce market could grow by almost 200%. Market players should always keep an eye on the risk of government intervention and legislative changes. Legal restrictions could have a major impact on voice commerce at any point. **F**