



# Numerator

NEW FRONTIERS

**Amazon Echo:**  
Convenience and Its Impact on Purchase Behavior

# Amazon Echo: Background



- Amazon Echo is a **voice-controlled intelligent personal assistant** developed by Amazon.com.
- Widely available beginning in June 2015, Amazon Echo (also known as Echo or "Alexa," after the wake-word for the device) is capable of voice interaction, audio playback, setting alarms and making lists, and providing real-time information, among other things.
- One core differentiator between the Echo and its competitors, however, is its connection with the user's Amazon account, allowing for the user to shop on Amazon via the Echo.
- **Does the added convenience of being able to shop on Amazon via the Echo change users' purchase behavior on Amazon?**

# Who is the Amazon Echo Buyer?

The main shopper of the **9%** of the US households that have purchased Amazon Echo(es) since June 2015 tends to skew **older** than the average Amazon household, as well as more **male**, **higher income**, and **Caucasian**



## AGE

**Boomers**

HHs: 44%, Index: 114



## INCOME

**>\$80k**

HHs: 49%, Index: 147



## ETHNICITY

**Caucasian**

HHs: 74%, Index: 107



## GENDER

**Male**

HHs: 22%, Index: 119



## MARITAL STATUS

**Married**

HHs: 67%, Index: 118



## HOUSEHOLD SIZE

**2 People**

HHs: 41%, Index: 120



## CHILDREN UNDER 17

**No Children**

HHs: 65%, Index: 101



## EDUCATION

**4 Year Degree+**

HHs: 48%, Index: 117



## URBANICITY

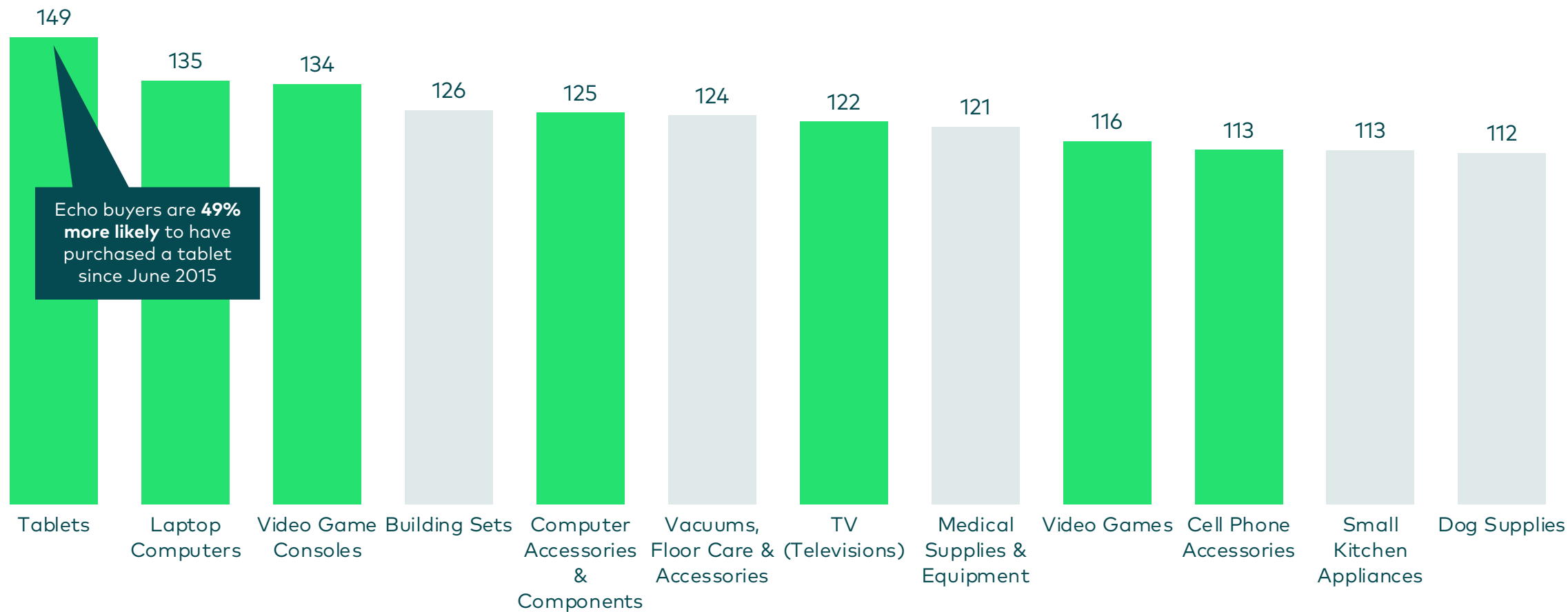
**Suburban**

HHs: 44%, Index: 109

# Echo buyers are also **tech enthusiasts**

## HH Affinity: Echo Buyer Index to Total Amazon Shopper HHs

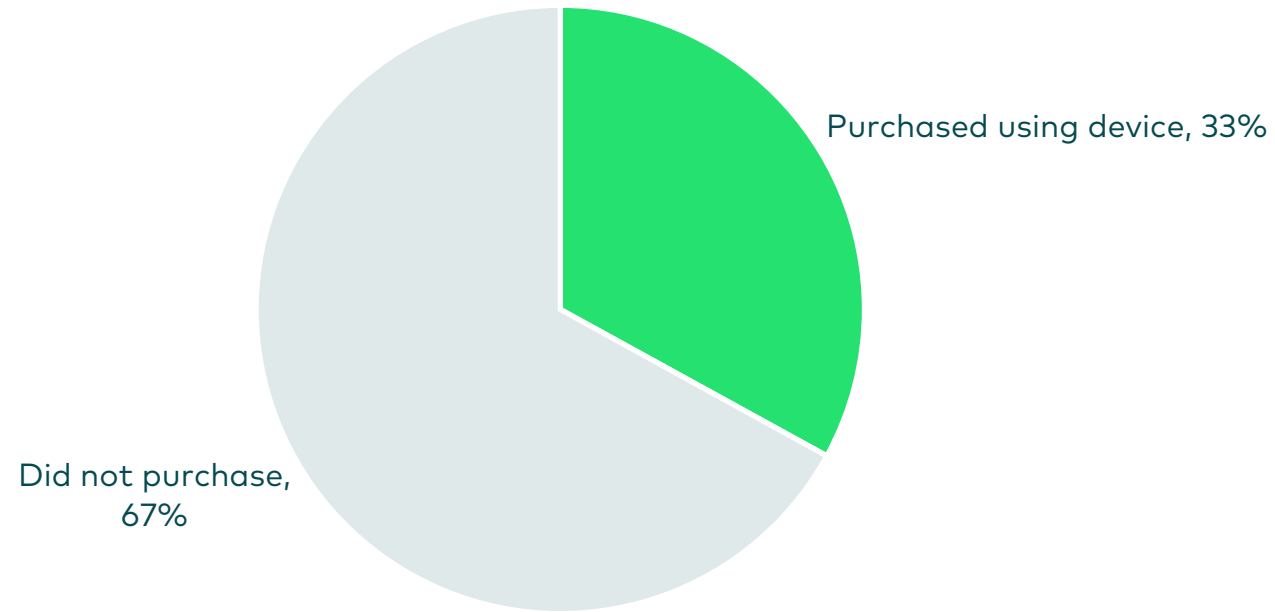
Which products were Echo buyers more likely to purchase overall compared to other Amazon shoppers?



# Only 1/3 of Echo purchasers say they have personally shopped via Echo

## % Purchased Through Amazon Echo

Amazon Echo Buyers + Owners



Source: Numerator Custom Survey; n=356 product owners; Q: 'Which of the following features do you use through your smart speaker?'

# But – Echo is likely shared among members of the household

High propensity to purchase product as a gift – but also to use at home by the purchaser and their family members



BUT



AND



**1 in 4**  
purchases were  
made as a gift

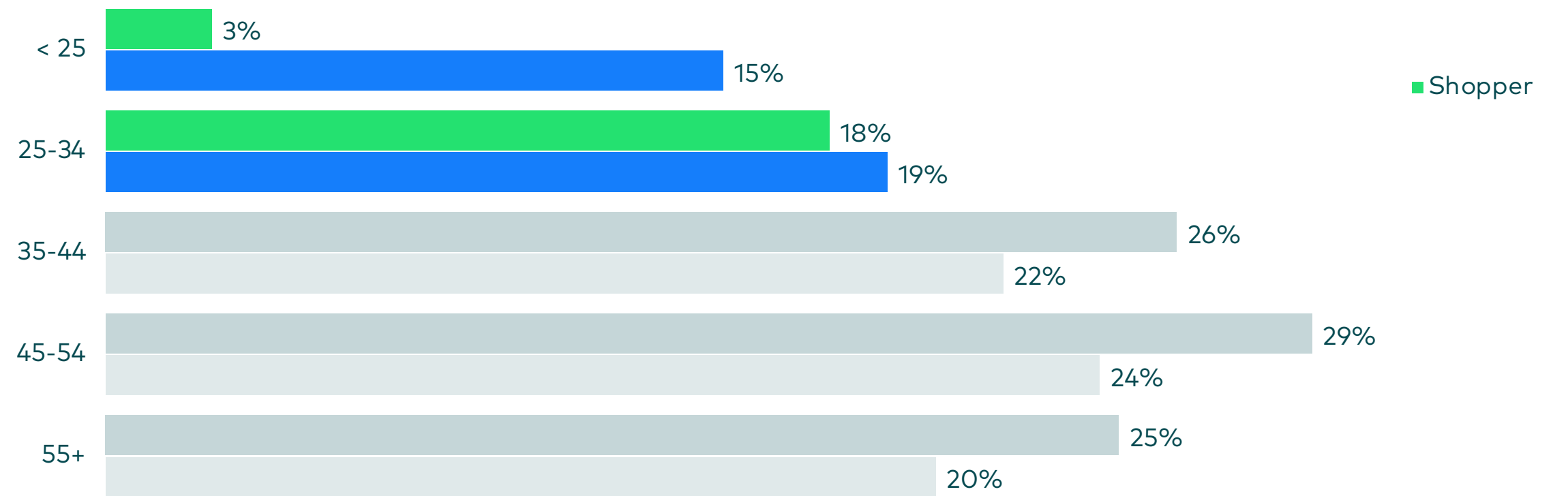
**88%**  
of purchases were  
made with the intent to  
use in the purchaser's  
home

**90%**  
of purchases were made  
for usage among the  
purchaser and family  
members

# The intended (main) **user is often younger than the purchaser of the Echo**

While under 25s make up only 3% of Echo buyers, 15% of intended users are in this age range

## Shopper vs. User: Age Distribution



## Echo Buyers + Owners Who Shop Via Echo

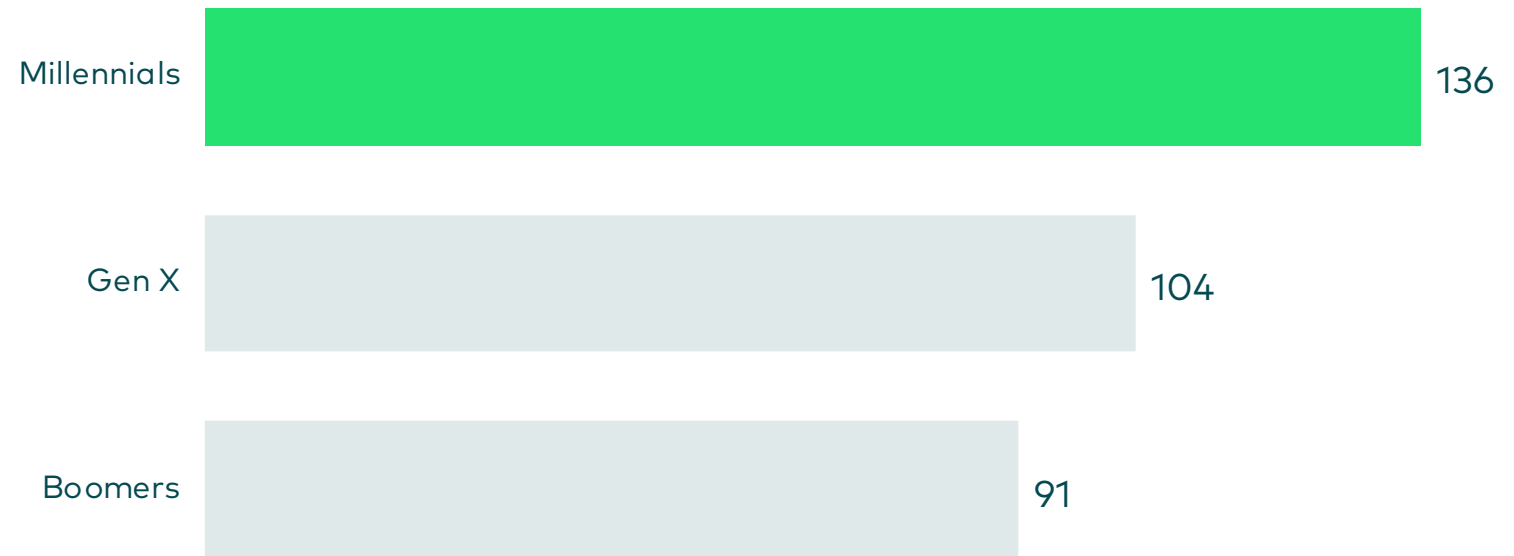


### Demographics

As a result, the Echo shopping functionality user is **much younger than the average Echo buyer**

### % Age (Generation)

Index to Total Amazon Echo Buyers

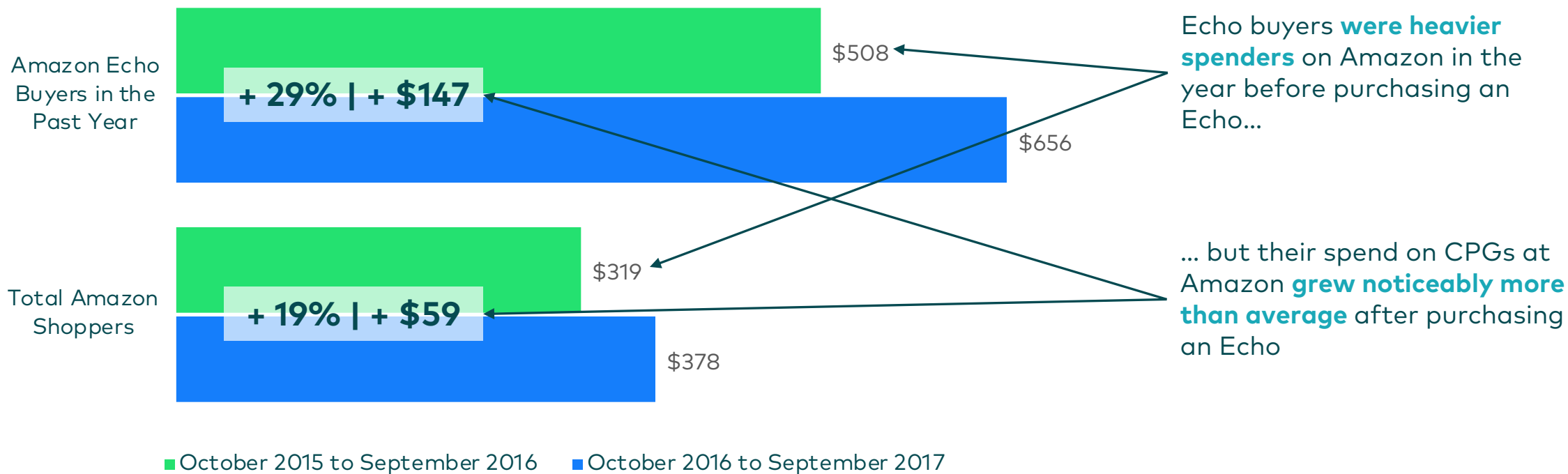




# Echo purchase overall is correlated with **higher HH Amazon spend**

## Buy Rate (Spend/HH) of CPG Categories\* on Amazon.com

Amazon Echo Buyers in the Past Year vs. Total Amazon Shoppers



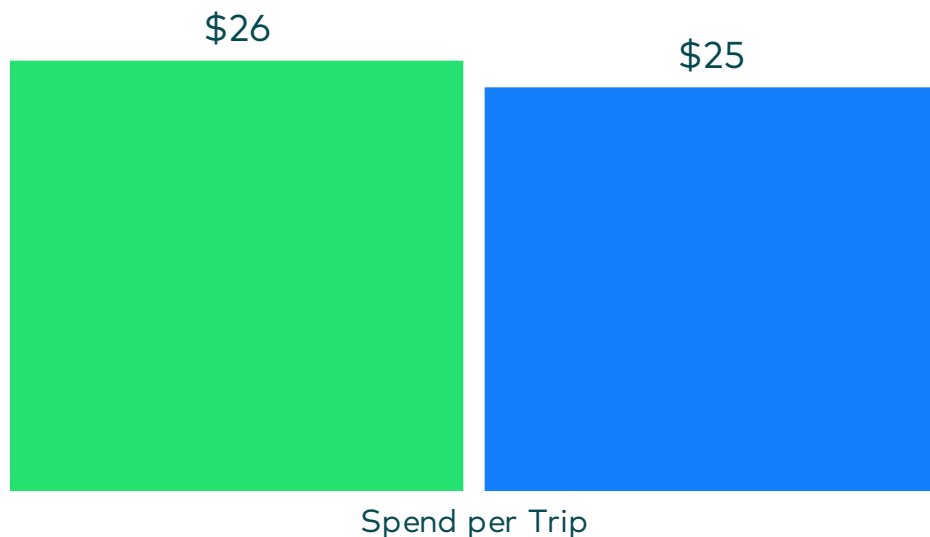
... driven by a **much higher frequency** of slightly smaller purchases

## Purchase Metrics of CPG Categories on Amazon

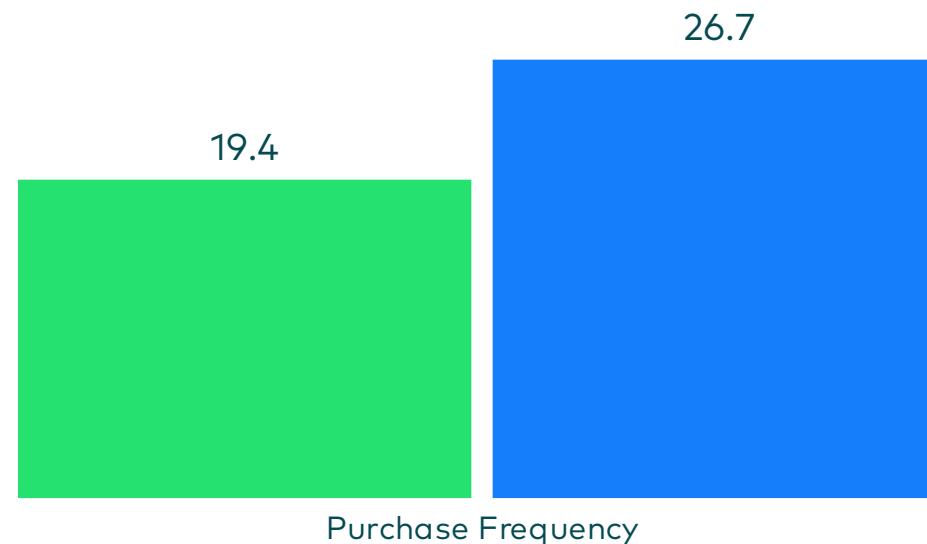
Among Amazon Echo Buyers in the Past Year

■ October 2015 to September 2016  
■ October 2016 to September 2017

### Smaller trips...



### ... but more trips in a year



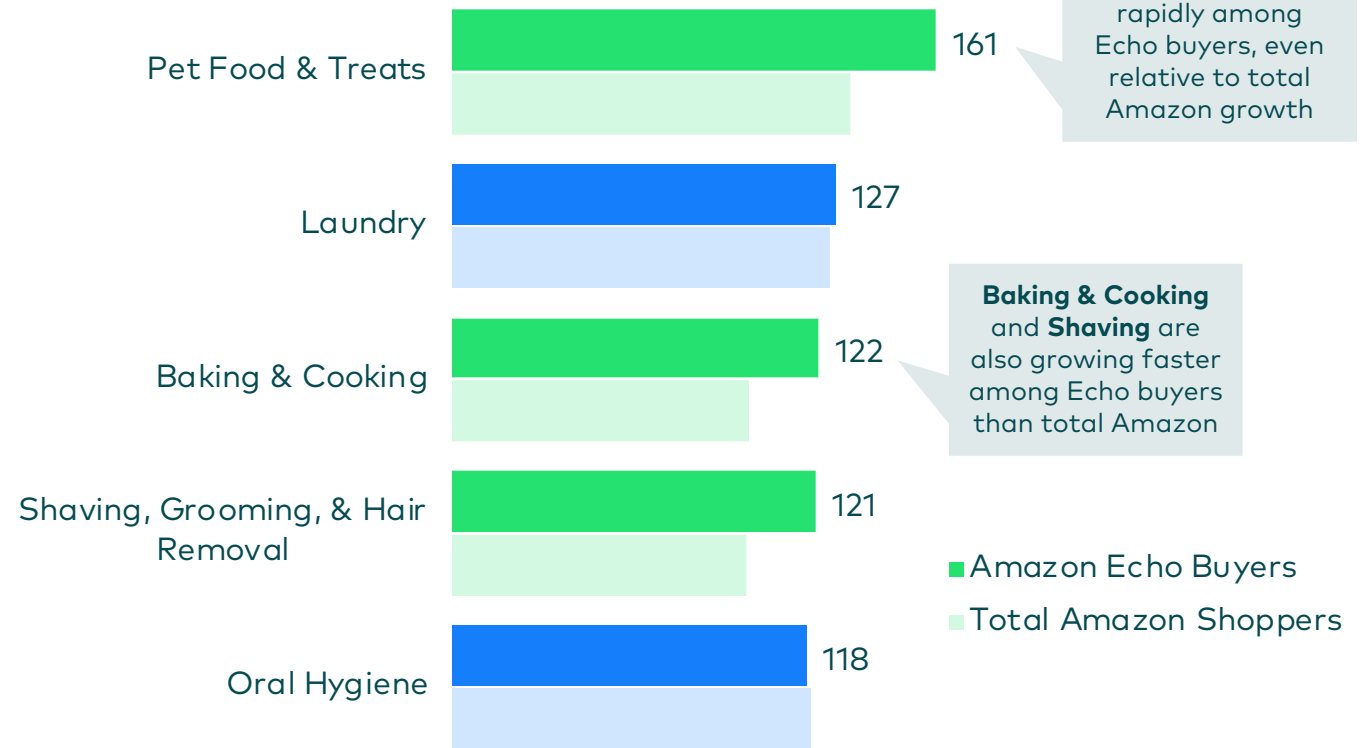
# Pet food is likely benefitting most from additional shopping via Echo

"Hey Alexa, buy more \_\_\_\_\_."



## Share of CPG Categories on Amazon: Index vs. YAG

Amazon Echo Buyers in the Past Year vs. Total Amazon Shoppers



# So what now?

Purchase data suggests that the added convenience of voice-ordering via the Amazon Echo is driving increased purchase among those shoppers on Amazon... but what can manufacturers and other retailers do with this information?

## Thought starters:

- There is no physical shelf or interface to interact with when shopping on Echo: **how can manufacturers ensure their brands are habitual and top of mind?**
- Echo is not the only way to make ordering and re-ordering more convenient – **Amazon Dash buttons may be another avenue worth exploring**
- **What can retailers leverage to make shopping more convenient?** Are Dash-like buttons a possibility? Can click-and-collect act as an alternative for Prime Now in the immediate need space?





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