

Smart speakers have overcome privacy fears to give new sales power to Amazon and Google

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Credit: [Eshop Citylink](#)

With everyone spending so much time at home during the pandemic, smart speakers such as the Amazon Echo and Google Nest ranges have had a golden opportunity. In their latest attempt to make the devices as

relevant as possible to this captive audience, device makers [recently announced](#) that they are incorporating Zoom videoconferencing capabilities into speakers fitted with screens.

One seemingly big obstacle to all this is the fact that consumers have been increasingly worried about tech [privacy](#) in recent years. There [have been](#) many [media stories](#) about what [smart speakers](#) can capture and share. According to [one major survey](#) in 2019, half of all respondents said they don't trust voice assistants with the safety and security of their personal data.

So what has that meant for sales of smart speakers? In response to all these cheap devices, how many of us are saying, "Alexa, leave us alone"?

Privacy issues

A product category that didn't exist until late in 2014 with the [launch of](#) the first Amazon Echo, these devices are essentially the interface for voice-driven virtual assistants like Amazon's Alexa, Google's Assistant, Apple's Siri and Baidu's DuerOS. Often you can get the same functionality from a built-in assistant in your smartphone or tablet, but smart speakers and screens give this capability on a standing device at home.

Privacy [fears have](#) been [around since](#) the early days. "Always listening" microphones concerned people, even though the device makers promised they would only listen if someone spoke directly to the device via its "wake word" or phrase.

Yet we know that smart speakers can [always be listening](#), and can [wake up and record](#) more than people realize. The supposed protection from the "wake word" can easily be changed by an errant software update—for instance, a recent mistake in pushing out a software update

to too many users [led to](#) Google smart speakers waking based on other sounds in the home (the update has since been recalled).

Recordings from devices have been streamed out of the home to the manufacturer, where staff have reportedly [listened to them](#) to try to make the voice recognition better. In one reported case, 1,000 of these recordings [were leaked](#).

In a [2018 American survey](#), 38% of people said they didn't want something "listening in" on their life all the time, and 28% were concerned about privacy issues. In the [2019 survey](#) I mentioned earlier, which included consumers in the US, UK, France and Germany, 52% were worried about "passive" always-listening smart speakers and [voice assistants](#), and the risk of them listening to private conversations. [A separate study](#) also reached the same conclusion: 52% of UK customers have concerns about privacy.

It's not just customers who are concerned about privacy—some businesses have spoken up. The international law firm Mishcon de Reya asked all its staff working from home to [mute or turn off](#) smart speakers, and any other visual or voice-enabled devices, when talking about client matters at home.

Record sales

In spite of all these concerns, [smart speakers were](#) one of the most popular Christmas gifts of 2019, capping a record year for sales. Worldwide, 147 million devices [were shifted](#) across the year, a 70% increase on 2018. A fair proportion was in China as Baidu, Alibaba and Xiaomi all made headway with their own smart devices: they are now the third, fourth and fifth biggest vendors after Amazon (first with 22%) and Google (second with 17%).

During the pandemic, sales [have held up](#) very well. China had a weaker first quarter and the US and Europe had a weaker second quarter, but world smart-speaker sales for the year are expected to be about 161 million—10% up year on year, despite the trough in the global economy.

With [the US](#) and [UK](#) at the forefront in terms of penetration, around one in three people now has access to a device in those markets. [In China](#), it is about one in ten of those with internet access.

So how to reconcile these stats with the privacy fears? One clue is that the most common reason why people in the UK reported using a smart speaker was because they received it as a gift – [more than half did so](#). The next most common (and growing) reason was music streaming.

We also know [from research](#) that people find it less convenient to press a button to wake a speaker than to activate it by voice. So it may be that people are caught between wanting privacy on the one hand but wanting convenience at the same time.

Smart speakers make us more loyal to the tech giants that control them. [For example](#), Spotify has a market share of around 49% in the US, but [only accounted for](#) 20% of audio streaming time on smart speakers; Amazon Music, on the other hand, makes up 33%. Presumably it benefits from being the [default option](#) on Echo devices.

Some other smart speakers give even less control of this—Apple's HomePod [speaker](#) has [only recently](#) made available an option to choose the default music service for audio, in a pre-release version of the software. Seemingly beaten by these gatekeepers, Spotify [has done a deal](#) with Google to give away Google Nest Mini devices to its premium subscribers to try and bounce back.

Whether or not this succeeds, it demonstrates that the key opportunity

afforded by smart speakers—and the growing range of other smart home technologies—is to provide [device](#) makers with an avenue to make it easier for customers to use their other products and services. Having apparently weathered people's privacy concerns, the companies that rule this frontier look poised to satisfy an ever greater share of consumer needs in future.

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