

ALEXA IS INFECTING ALL ELECTRONIC DEVICES NEAR TO YOU



TITOMA
Design For Manufacturing Asia

Alexa is Infecting All Electronic Devices Near You

 June 25, 2018 |  By Case Engelen(<https://titoma.com/author/keesjaneng/>)

 In
Blog(<https://titoma.com/Blog/blog/>)

“Alexa, buy me the best value espresso maker” will soon become the way we buy stuff, nobody is going to read reviews anymore.

Amazon’s brand-killing virus infiltrates half of all new electronic devices coming out. Alexa facilitates Amazon’s “invisible brands” to take over any category worth their time.

Consumer electronics brands, such as the soon to IPO Sonos, are going to have a very hard time.

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SELLING MORE FOR LESS

A recent teardown by Ben Einstein **compared** (<https://blog.bolt.io/what-cracking-open-a-sonos-one-tells-us-about-the-sonos-ipo-dcab49155643>) an Amazon Voice Controlled (VC) Speaker with a Sonos product, offering striking insights.

First, Amazon’s speaker is oddly enough NOT optimized for sound quality, because that’s not where Amazon wants to set itself apart.

But the most interesting take away is that Amazon is willing to pay 20% more in **product cost** (<https://titoma.com/nre>), yet sells its unit for 25% less.

They obviously have a huge **cost advantage** (<https://titoma.com/nre>) in not having to pay commission to the world's largest electronics store. But there is more.

ALEXA = GATEWAY TO EVERYTHING

Amazon's mission has always been to take away any and all friction people are experiencing in buying stuff.

The Kindle has done a remarkable job as a sales gateway for books, you now buy a book and have it in your hands at home almost as soon as you click a button.

Alexa's electronic devices will do the same for EVERYTHING.

Most Read: DFM – Design for Manufacturing (<https://titoma.com/dfm>)

"ALEXA, BUY ME THE BEST VALUE ESPRESSO MAKER"

When recently I searched Amazon for "espresso maker" <https://amzn.to/2m8XkSd> (<https://amzn.to/2m8XkSd>) I got 2 clear, authoritative looking research conclusions: Best of the Best & Best Value.

They are gone now, but it surely gives an interesting glimpse of things to come. These kinds of strong recommendations allow anybody with an Alexa device in their house to simply shout: "Alexa, buy me the best value, espresso maker!"

The two category winners take nearly all the voice business, giving enormous power to the company controlling the algorithm.

“REVIEW ANXIETY”

Amazon is no doubt working hard to make their review system so reliable, that consumers no longer have to spend hours poring over all those reviews.

Just like we’ll soon trust AI to steer our car, so will Amazon, make a lot of people rely on its conclusions to buy their stuff.

Having to read all the reviews yourself takes a lot of time, and also creates Review Anxiety: “Let’s read some more reviews, if I miss an important one I will make a poor choice, and I will only have myself to blame.”

Having AI read and compare all 1564 reviews of 17 competing products is much faster and completer. It also has the advantage that you can blame Amazon when the product turns out to be a waste of money.

And of course: laziness is always a great motivator, arguably the most important driver for online shopping.

REVIEWS EAT BRANDS FOR BREAKFAST

Read by AI or people, reviews play a crucial role in online sales, to the point that brands become almost meaningless.

As a result, more and more categories on Amazon are now dominated by no-name brands, selling purely on the strength of their reviews.

There are many websites out there, such as Junglescout in English and many others in Chinese, which offer tools to analyze the Amazon sales data for opportunity gaps.

This results in a flurry of no-name products entering the judged to have enough “fat” and prices going down steadily.

AMAZON’S INVISIBLE HAND

By opening up some of their data, Amazon is helping the market’s invisible hand, such that only those with razor-thin margins can survive.

This seems a good thing when nothing is wasted on advertising, all money goes to building great quality products and delivering great customer service.

A real boon for consumers, and for the volume of sales going via their platform of course.

AMAZON’S INVISIBLE BRANDS

The problem is that as soon as Amazon's number of crackers find a category lucrative enough to bother, they launch their own brand.

They already have 80 brands, many of them called something innocent like Arabella or Mama Bear, not at all recognizable as "by Amazon".

And there surely is more to come, as they have registered another 800 brand names. They go everywhere where there is money to be made: from lingerie to batteries to baby wipes.

SKEWED PLAYING FIELD

The Amazon brands benefit from the distribution margin advantage, and surely superior sales data access.

On top of that, they can skew the playing field. In the Amazon store, it works like with Adwords, if you pay for ads your product will be listed on top of the search results.

These ads are quite an expense, for all but Amazon, who can outbid everyone, paying with their own money. Additionally, an important ranking factor is sales momentum: "how much did you sell for me last week".

For new products to gain momentum they are often launched at a steep discount. Here again, cost advantage and deep pockets favor Amazon.

MAKING ALEXA UBIQUITOUS

Going back to the VA speakers, the teardown shows that Amazon's designers didn't worry at all about overspending on making this speaker.

The big point here is that Amazon doesn't need to make money on its VC devices, whereas the others do.

They offer Alexa for free to all takers so it will be accepted as the standard, and are doing a magnificent job at it, dominating the last 2 editions of the Consumer Electronics Show (CES).

Not with big add spending like Google, but by getting it adopted in what seems like every other electronic product launched.

And Alexa will become ever more pervasive now that Amazon has qualified a number of chips which enable it to run on batteries, which will surely sprout all sorts of mobile electronic devices with Alexa inside.

AGNOSTIC, BUT "WHO YOU'RE GONNA CALL?"

Now the Sonos speaker is agnostic, meaning it also incorporates the voice systems from Google and Apple.

That seems to make it impartial, and sure, if I need to reserve a table at the best Greek restaurant in town I'll trust that to Google. They own Google maps, with its restaurant reviews, and in Duplex they have a better voice.

I see Amazon or Google acquiring Tripadvisor someday very soon. Apple may continue to be the place to go for music if you're hooked into their system. But to buy all other stuff: "Who you're gonna call?" Nobody has a database of product reviews even close to Amazon's.

ALEXA PRODUCTS WILL GO FROM CHEAP TO FREE

Given how important it is for Amazon to get Alexa into every home, I would not be surprised if their next step is to give their Alexa products away.

Good luck to all the companies who proudly announce that they now have Alexa inside, they are making Trojan horses for Amazon's world domination.

AMAZON WILL MONOPOLIZE SALES, OF EVERYTHING

When voice search takes over, revenue from Adwords will decline.

Google will need to find new business models to monetize all the data it collects. Amazon already has had its business model straightened out for years: it's all about sales.

Faster, more items, more categories. Amazon's share of US e-commerce is now 49% or 5% of all retail spending.

We are already buying alarmingly high percentages VIA Amazon, and soon we will buy alarmingly high percentages OF Amazon-branded products.

The only check on Amazon's power is that for their conclusions to be trusted, they cannot skew the search results too much towards their own brands.

Customer Earned Trust is by far their biggest asset, so they'll tread carefully. But their share of our wallet will inescapably continue to increase.

ALEXA FAQ

WHO MANUFACTURES ALEXA?

Alexa is a virtual assistant AI developed by Amazon LAB126 located in Sunnyvale. Popular Alexa compatible devices such as the Echo smart speaker are manufactured in China.

WHAT IS THE BEST ALEXA DEVICE?

The best Alexa device is the Amazon Echo Dot, you can control all other smart-home Alexa compatible devices with it.

IS ALEXA MADE IN CHINA?

Alexa is not manufactured in China. Alexa is a virtual assistant AI developed by Amazon LAB126 located in Sunnyvale.

WHERE IS AMAZON ECHO MANUFACTURED?

The Amazon Echo is manufactured in Hengyang, the second largest city of the Hunan province in China. The plant where the Amazon Echo is manufactured is owned by Foxconn, a Taiwanese based electronics manufacturer.

WHO MANUFACTURES ALEXA?

Alexa is a virtual assistant AI developed by Amazon LAB126 located in Sunnyvale, California.

WHAT DEVICES ARE COMPATIBLE WITH ALEXA?

1. These devices are compatible with Alexa

2. Amazon Echo

3. Amazon Echo Plus

4. Amazon Echo Show

5. Amazon Echo Dot

6. Amazon Echo Sub

7. Amazon Echo Link

8. Amazon Echo Look

9. Amazon Echo Auto

10. Amazon Echo Connect [\(https://titoma.com/blog/buying-electric/\)](https://titoma.com/blog/buying-electric/) [\(https://titoma.com/blog/get-started/\)](https://titoma.com/blog/get-started/)

The list of Alexa compatible devices is actually endless, you can check more [here](https://developer.amazon.com/en-GB/alexa/connected-devices/compatible)

[\(https://developer.amazon.com/en-GB/alexa/connected-devices/compatible\)](https://developer.amazon.com/en-GB/alexa/connected-devices/compatible)



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I'm the Chairman of Titoma and I've been working in electronic product development in Taiwan & China since 1994. What I've discovered is that to get to market FAST you need to take time to prevent delays. And the most important way to do that is with early supplier involvement. With us doing both Design AND Manufacturing, we save our clients time, aggravation and a quite a bit of money.

If you're an established B2B company needing a Reliable Custom Device, on Time and on Target, we should talk!

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Useful Links

Pre-Signed NDA (<https://titoma.com/wp-content/uploads/Titoma-Mutual-NDA-NDA-signed-file.pdf>)

NRE Cost Calculator(<https://titoma.com/nre/>)

9 Laws of Design for Manufacturing (<https://titoma.com/blog/design-for-manufacturing/>)

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How to Design a
Product so It's Easy to Manufacture? (<https://titoma.com/dfm/>)

Electronics Terms Explained (<https://titoma.com/what-is/>)

Terms & Conditions (<https://titoma.com/terms-and-conditions/>)

Quality Policy (<https://titoma.com/wp-content/uploads/GD-005-Politica-y-objetivos-de-SGC.pdf>)

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