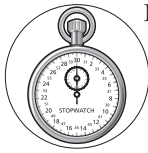


## Chapter One

# The Problem



It's about time. All about time.

It's about the time you invested: years, sometimes decades, mastering the skills needed to communicate the virtues of a product or service. It's about the time you committed: months planning the launch on which your continued success depends. The hundreds of hours you spent in focus groups, in littering the floor with dozens of rejected ads. The all-nighters massaging the numbers until they begged for mercy. As the clock ticks down to D-Day, you wonder, for the hundredth time, if you are as prepared as possible. Perhaps you wish for another day; perhaps you cannot wait another minute.

All about time.

In fact, you've entered into a hoped-for bargain, exchanging *your* time, and the time of your colleagues in return for a few minutes—or hours, or days—of someone else's time. The someone else, of course, is your target consumer: the one who holds your future in her hands.

But how can you know whether she is willing to trade her time for yours? How do you know she even has time to listen to your message? How do you know she will take the time to be “sold”? And, most important, *how much time* will she give you to make your pitch?

Understanding the answers to those “how much time?” questions—and understanding how to leverage those answers to increase volume and profit—is the promise of this book.

How, for instance, is Whole Foods Market able to convince consumers to spend hours being “delighted” in their stores on one day of the week while those same consumers just can't wait to get out of a traditional supermarket on the other six days? What is it about the marketing behind the Goodyear Assurance featuring TripleTred Technology tires that captures the consumer's imagination in that very brief moment of opportunity in the local tire store? How has Lexus turned a previously unpleasant

haggling activity into an enjoyable experience at the dealership? And how has Microsoft found a way to collapse all the way to zero the time that consumers spend comparing brands?

Put simply, the premise of this book is that purchase or consumption of these products is subject to the ticking of the consumers' internal shopping stopwatches. Slowing down that ticking (Whole Foods) or stopping the ticking immediately (Microsoft) in order to close the sale is the critical challenge faced by marketers.

Imagine, for example, that the sweet spot your strategic research identified is "college educated, dual-income, twenty-eight to forty-four years old, with two to four children under fourteen and incomes in the top two deciles, residing in suburban/exurban zip codes."

Now imagine two houses outside Cleveland. One is blue, the other a kind of pale green, but each has four bedrooms, two and a half baths, a neatly manicured lawn, an attached garage . . . and in each garage is a minivan and slightly sporty coupe. The families living in the two houses are likewise similar: If you randomly lined up the four adults and five children living in the houses, a stranger would find it impossible to sort out who goes with whom. They look similar, dress similarly, and, within limits, act in a similar manner.

Inside each of the houses, one of the adults has drawn the short straw and is in charge of planning a weekend trip to Washington, DC. The components of the trip are air travel (including transportation to and from each family's home airport), accommodations, dinner reservations for the night of arrival, tickets to a show at the Kennedy Center for the Performing Arts . . . the usual.

And, here, the similarity evaporates.

The adult living in the blue house—let's call her Ms. Blue—is traveling to Washington on business. Her shopping expedition for all the travel choices contains nothing of pleasure, and is severely constrained by the fact that she has only twenty-four hours before her departure. On speakerphone, she listens while her corporate travel office details her airline, hotel, rental car, and restaurant reservations and spends so little mental energy on the process that she can simultaneously pack the two mix-and-match outfits that will carry her from client meeting to client entertainment over the next two days.

Meanwhile, in the other house, Mr. Green sits in front of a computer screen, planning a family vacation two months in advance. Travel guides,

carefully dog-eared, are piled to his left; the issue of *Consumer Reports* that ranks America's hotel chains is on his right. A quick search on his favored online travel service, Orbitz.com, has yielded a list of thirty-one different hotels that satisfy his criteria. He is weighing the advantages of location (as determined by one of the maps in his three different guidebooks) against a larger fitness center and the availability of a pool. He compares a suite against two doubles easily enough, since an online virtual tour of guest rooms is available for nine of his thirty-one possible choices, and his previous travel experiences have eliminated two of the possibilities, even though he is still a member of the awards program at one of them. His car rental choices are complicated enough that he has set up an Excel spreadsheet to compare the rates for the four-day trip . . . or would it be cheaper to simply rent for the week?

Ms. Blue and the Green family appear to be two fundamentally different consumers, no?

However, both Ms. Blue and the Green family end up in the same Washington, DC, hotel. They rent automobiles from the same company. They don't make dinner reservations at the same place, but only because clients demand a somewhat different ambience than children.

And when, six months later, Ms. Blue is planning *her* family's vacation instead of a business trip, she researches and compares in precisely the same way as Mr. Green.

How do these consumers compare when they're shopping for other types of items? When it came time to buy an expensive consumer durable—his "slightly sporty coupe," something that he would have to live with for four or five years—Mr. Green did all the shopping in two hours, returning with it the same morning. Ms. Blue test-drove five different models, and waited six months before the right combination of color and options was available.

The hypothetical Blue and Green families are models of contemporary consumer behavior, but the models are pretty erratic ones. Multiply the number of behavioral models exhibited by Ms. Blue and Mr. Green by the one hundred million or so American households, and you will confront the marketing challenge faced by every commercial enterprise in the country. The model that matters most today is not measured by income statistics, educational attainment, or political affiliation. It is measured by the clock.

For despite thousands of technological developments, from UPC codes,

to telemarketing and direct mail, to 500-channel cable TV, to broadband Internet access, every one of which was supposed to “change everything about the way business is done,” the most important constant in marketing hasn’t changed since the discovery of fire allowed humans to stay awake past sunset. The number of hours that a human being *could* theoretically spend in the path of commerce hasn’t changed significantly since then, and the hours that they *do* spend there, shopping and buying, has increased only marginally since the introduction of television. What *has* changed, of course, is the number of messages competing for those hours . . . and the way in which those hours are now controlled. Consumers don’t spend any more time standing in line to examine your product than their grandparents did, but they have a *lot* more lines to choose from. So if one line isn’t moving at the speed they like, they move to another one.

Marketers who want to succeed today have to give their customers more than the traditional four *Ps* (Price, Product, Promotion, and Place); they have to reduce the length of the queue waiting to enter the consciousness of a potential customer. If they want to convince Mr. Green to make a reservation in their hotel, they need to start pitching weeks, months—sometimes years—before he is decision-ready. If they want to rent Ms. Blue a car, they can’t waste a second of her time. If they want to succeed in *any* marketing effort, they have to cut in line at the same place, and at the same moment, that their customers do. They have to make sure that they can deliver what their customers want before those customers glance at their metaphorical watches, and decide either not to buy, or—even worse—leave for another, competing, line. They have to time their selling messages to be no longer than the amount of time that buyers have allocated for hearing them.

Stopping that consumer at precisely the right time requires a set of disciplines that we call stopwatch marketing.

## A Promise

A thousand marketing gurus, most prominently Philip Kotler, have reminded us that a brand is, at its heart, a promise. So, we believe, is a book. The promise of the book you hold in your hand is that it will show how to analyze, evaluate, and exploit the time that represents every shopper’s most important resource . . . to understand how to measure the length of

time your customer will spend searching for your product or service . . . and how to make absolutely certain that your product or service is close to the front of your customer's queue: that lineup of shopping options that gets longer for consumers every year.

No one doubts that the power of brands is in severe decline. The proportion of the buying audience who try to stick to well-known brand names dropped by nearly a quarter between 1975 and 2000.<sup>1</sup> The sort of consumer who spends a lifetime driving Chevrolet sedans, buying Sony TVs, drinking Dr Pepper, and wearing Levi's jeans is thinner on the ground every day.

The likeliest reason for this decline in brand power is the combination of the increasing number of consumer options and the increasing amount of information about those choices. The hours of shopping time available to choose among them has, of course, remained fixed. And, we're not just talking about choosing between Skippy and Jif. The average American supermarket now contains more than 30,000 separate products; a single Barnes & Noble Superstore can carry up to 90,000 titles and the bn.com website carries more than a million.\*

Shoppers need a lot of help in sifting through such an unprecedented number of choices, and advertisers have been leaping to their aid; in 1985, the typical consumer received something like 650 marketing messages every twenty-four hours; today, that figure is estimated to be greater than 3,000.<sup>2</sup> The consequence of this glut of messages was predictable: fragmentation of attention. In 1980, a single thirty-second, off-peak television advertisement could reach nearly 80 percent of the audience targeted by that ad; with the average cable subscriber now divided among ten times the number of channels, it can now take hundreds of prime-time spots to reach the same audience . . . if it can be reached at all.<sup>3</sup>

We are utterly convinced that the overwhelming number of consumer choices available to the twenty-first-century American has complicated the marketing task, particularly because the daily hours available for making those choices have only decreased since the days when the Sears,

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\* As part of the research for his book *The Long Tail*, journalist Chris Anderson reported a survey of 1.2 million titles in print . . . of which more than three-quarters sold fewer than a hundred copies in a given year.

Roebuck and Montgomery Ward catalogs represented the state-of-the-art in shopping.

Academics have debated—from Adam Smith in the eighteenth century to Theodore Levitt in the twenty-first century—about whether the priority in marketing rests with the product or the buyer. It is our belief, however, that (a) consumers behave differently depending on the product and the occasion for which they are searching; and (b) every product and/or occasion has buyers whose patterns of behavior—whose stopwatches—occupy every different point along a continuum.

Because of a perversity of the Internet age, information is so ubiquitous that leveraging it to create a loyal customer is becoming more expensive every day. Never before in the history of business has ownership of a shopper's time been so valuable, nor has surrendering it ever been so dangerous.

This wasn't how it was supposed to happen. Basic supply-and-demand economics teaches us that as the supply of any commodity increases, its price declines. Even not-so-basic economics teaches that while the demand for some commodities is more elastic than others, *nothing* is supposed to become more costly as it becomes easier to acquire and more widely available. Over the last twenty years, information about any product's price, features, and availability has not only exploded, but its acquisition has become easier than ever before. Any American with an Internet connection<sup>4</sup>—and that's 147 million American adults, nearly 85 million with broadband access—can find the price and features of violins, sofa beds, children's toys, kitchen appliances, and a thousand other items with a dozen keystrokes. They can find (relatively) unbiased evaluations, price comparisons, shipping information . . . even evaluations of companies selling the items, with comments from satisfied and unsatisfied customers. They can read reviews of new automobiles, get blue-book prices for used ones, and study U.S. government crash test results and mileage calculations for both. In an hour, a woman in San Diego can find a replacement shift knob for a 1964 MG for sale in Duluth; she can buy it in a minute; and have it delivered in a day. No consumers in all of human history have ever had so much information with which to make a buying decision.

Human assumptions about trends tend to be linear: If some is good, more must be better, and a graph plotting information availability and information cost should, naturally, be a straight line, as shown in Figure 1-1.

**INFORMATION: Cost vs. Availability Linear Assumption**

As the amount of information increases  
the cost per unit of information declines...forever

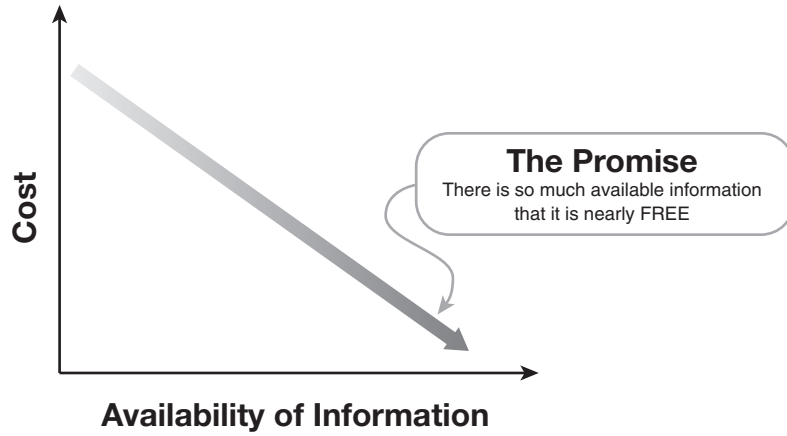


Figure 1-1

It is, in fact, hyperbolic—U-shaped, as in Figure 1-2.

**INFORMATION: Cost vs. Availability Hyperbolic Reality**

As the amount of information increases  
the cost per unit of **USABLE** information increases

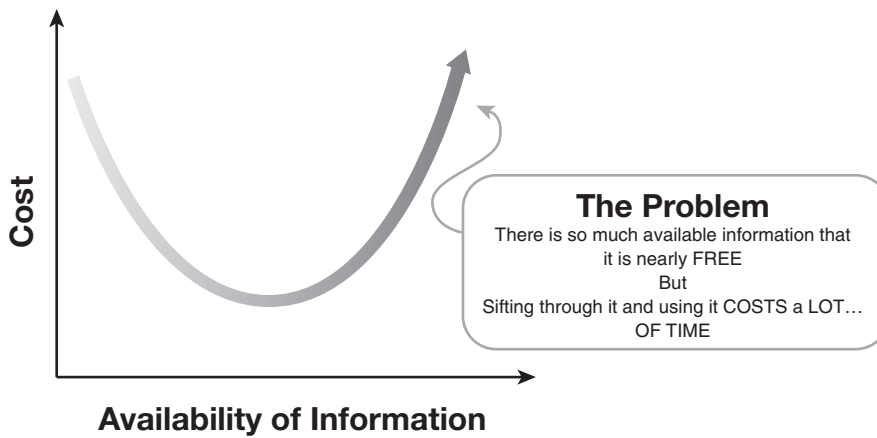


Figure 1-2

As more information becomes easy to find, its cost does decline . . . for a while. At some point, however, the sheer number of data points that need to be plotted becomes overwhelming. Since, in an online world, the largest cost of acquiring information is time, and since more information means more time sifting, the cost of information rises. To keep the cost under control, consumers of *your* product or *your* service (cars, insurance, hotel rooms, mystery novels, and tuna fish) apply rules (the fancy word is *algorithms*). Sometimes, as with the well-known dictum that cautions diners about eating oysters in months containing the letter *R*, these rules are simply discovered; other times, consumers (or their chosen influencers) invent them: Robert Parker's famous 100-point rating system for wines, for example. And sometimes they are created by sellers, as with the ratings attached to movies by the Motion Picture Association of America.

Such rules are very handy. Indeed, they are often referred to as time savers. Now, consider: What if *use* of the rule—use of the time saver—were itself actually an enjoyable experience?

In 1961, a future Nobel Prize-winning economist at the University of Chicago named George Stigler wrote an article in which he drew a famous distinction between two sorts of consumers: searchers and non-searchers—those who try to find the best seller (or buyer) and those who don't. In Stigler's words, "The cost of search, for a consumer, may be taken as approximately proportional to the number of sellers approached, for the chief cost is time . . . The assimilation of information is not an easy or pleasant task for most people, and *they may well be willing to pay more for the information when supplied in an enjoyable form*"<sup>5</sup> (emphasis added).

Obvious in retrospect, powerful in application, Stigler's article founded an academic cottage industry that has spent decades calculating the importance of searching behavior. The justly celebrated success of the online search engine known as Google is only the latest gloss on Stigler's perception: By linking relevant advertising to search terms, Google not only supplies a value to its users in the form of saved shopping time, and charges advertisers based on the number of times the ad is seen (nothing new here; magazines were publishing per-inquiry rates for bind-in cards thirty years ago) but has actually created a market in the keywords themselves, for which advertisers actively bid.

Everyone, it seems, places a different value on the search for information prior to buying . . . what ordinary people call shopping. Some people

like to shop all the time; everybody likes shopping some of the time. Sometimes shopping—searching for information—takes minutes, but is still too long; sometimes shopping takes months, and the shopper is sad to see it end.

In more than twenty-five years of helping clients persuade consumers to purchase everything from imported all-natural Asian fruit and vegetable juice to mutual funds to auto parts, we have learned to apply the insights of Stigler and the dozens of marketing gurus who have followed in his path.

## The Cost of Time

Twenty years ago, the management theorist Michael Porter described the phenomenon more elegantly by observing that one of the two ways that firms create value for buyers is by lowering buyer cost<sup>6</sup> . . . and one of those costs is *always* the amount of time invested in shopping. Providing the most persuasion in the least amount of time—effective signals of product value (brands, design features, textures, etc.) such as the Sub-Zero plaque on a \$10,000 refrigerator—is so important that, as Porter puts it, “A firm that delivers only modest value but signals it more effectively may actually command a higher price than a firm that delivers higher value but signals it poorly.”<sup>7</sup>

Armen Alchian and William Allen proposed that as consumers absorb higher fixed costs, they are more willing to choose pricier goods. The original example, which came to be known as the Alchian and Allen Proposition, supposed that, since it costs the same to ship both choice and standard grapes from California to New York, the price differential of 100 percent would narrow to the point that relatively more choice grapes would be purchased in New York than in California, even though the absolute price is higher. Research consistently demonstrates that this is so. *Cost*, as in manufacturing cost, is only a part of *price*, or the total cost of delivery. The impact of proximity, frequency of purchase, familiarity, exclusiveness, and, we believe, most important, time, must be factored in by marketers . . . since they are most certainly factored in by consumers.

As reinforcement for the basic proposition of stopwatch marketing—that perceived time spent shopping is the key variable driving sales volume *and* profit margins—it is important to remember that the general proposition works in reverse. Travelers who fly to Orlando from Seattle,

for example, consistently show less price resistance to the goodies available at Disney World than do otherwise similar travelers who depart from Miami or Atlanta. Spending more time lowers the resistance to higher-priced goods . . . and shifting marketing resources from an area where consumers spend less time shopping to one where they are likely to spend more can have a huge impact on profit margins.

What we have learned, and will be sharing in the pages and the chapters that follow, is that time isn't money; it's *much* more important than that.