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THE 24-HOUR CUSTOMER

New Rules for Winning in a Time-Starved, Always-Connected Economy

By Adrian C. Ott

"Ott's accessible tone and systematic strategies will be an eye-opener for companies wishing to drive through the constant marketing chatter and reach their increasingly harried customers." – *Publishers Weekly*

Time has become the new competitive differentiator. In today's turbulent business landscape you're not just competing against other products. You're competing with everything else for a share of your customer's time and attention—an increasingly scarce commodity in our culture of multitasking, busy schedules and information overload.

In her new book **THE 24-HOUR CUSTOMER: *New Rules for Winning in a Time-Starved, Always-Connected Economy*** (HarperBusiness; On-sale August 10, 2010; Hardcover; \$26.99), Adrian C. Ott, a CEO of a top Silicon Valley consulting firm, explains that the old adage "time is money," is no longer adequate. Customers now value time *more* than money.

Although time factors into daily decisions, it is one of the most consistently overlooked but biggest opportunities in the executive toolbox. Executives spend countless hours determining demographics, pricing and product functionality, yet relatively little effort is devoted to understanding how time shapes customer decision-making. A product or service that conflicts with a competing time priority or takes too long to purchase or consume will get passed over. Time-Value Economics (Time-onomics) is about the hidden but powerful forces that drive behavior in today's always-connected, information-overloaded economy.

A Time-onomics mindset presents unique opportunities for executives to innovate breakthrough offerings, gain product adoption, and create competitive advantage. Through a unique framework, Ott reveals that customer time and attention are divided into four different quadrants: time magnets, time-savers, time minimized and time on autopilot. Through these different quadrants, Ott demonstrates the ways in which companies can profit from a greater understanding of why and how their customers' purchase and consumption decisions involve evaluations of time relative to value (Time-Value Tradeoffs).

Filled with fascinating case studies and examples from leading-edge companies such as Nike, Johnson & Johnson, Cisco, and iPhone application start-ups, **THE 24-HOUR CUSTOMER** goes beyond the traditional notion of time-management to explain how time affects the decisions and actions of consumers. For example, why do we go into the grocery store planning to pick up only two items but leave with five full shopping bags? Or why do we hesitate to register our e-mail address for a new Internet service, even when it is free? Ott sheds light on these and many other fascinating questions.

Readers will discover:

- **Time-Slicing:** How Silicon Valley legend Trip Hawkins "Seized the Minute" by redefining video games from time-consuming sagas to time-sliced iPhone games that opened up new markets of adults that could play quick games while waiting in line. Digital Chocolate games rapidly rose to the top of the App Store.
- **Time on Autopilot:** How Google and Internet service providers use customer inattention and habits for competitive advantage. Google Search is an unconscious habit making it a competitive fortress relative to Microsoft Bing!. A Time-onomics approach uncovers this market dynamic while a traditional strategy approach would not.
- **Time-Magnets:** Why e-readers such as Amazon's Kindle, Barnes and Noble's Nook, and Apple's iBooks increase dwell time by serving as a constant companion in the reading process, profitably redefining the customer relationship as the default ebookstore provider.
- **Time-Blocking:** How Webkinz achieved competitive advantage by creating an online virtual world that earned them sixteen times the web traffic of their much better known competitor Ty's Beanie Babies.
- **Time-Shifting:** Why developing a business model that allows customers to control their time can disrupt industries. Consider how movies-on-demand altered entertainment industry dynamics.
- **Time-Relevant Value:** How brands like Garde Robe and P&G's Pampers' Village deliver just-in-time value that better serves customers and predicts future needs.

Establishing time as the ultimate tool for competitive advantage in strategy, marketing and innovation, Ott's forward-thinking book points to a future where integrated mobile, Internet, and physical offerings work together to command attention in a distracted world.

Adrian C. Ott, CEO and founder of Exponential Edge, Inc., was called "one of Silicon Valley's most respected (if not the most respected) strategists" by *Consulting Magazine*. She has worked with some of the most innovative Fortune 500 and start-up companies in the world to gain a market edge in today's exponential economy. In addition to consulting, she writes a popular column at FastCompany.com, and chairs the Strategy & Growth Roundtable for the Harvard Business School Association of N. California.

Prior to founding Exponential Edge® consulting, she was an HP executive who was recognized in an annual report for "infusing HP with new revenue streams and new technologies and new business models." She holds an MBA from the Harvard Business School and a B.S. from U.C. Berkeley.

THE 24-HOUR CUSTOMER

New Rules for Winning in a Time-Starved, Always-Connected Economy

HarperBusiness

On-sale August 10, 2010; Hardcover; \$26.99; 240 pages; ISBN: 978-006179861

Advance Praise for The 24-Hour Customer

“To many consumers, time is more important than money. Today’s managers need to factor this key concept into their marketing programs. Adrian Ott provides the battle plan for doing so.” (**Al & Laura Ries, bestselling authors of *The Fall of Advertising and the Rise of PR***)

“In her new book, Adrian C. Ott asks us to consider not only alternative products or services but alternative uses of time, and this brilliant insight is a conceptual home run. This should be must reading for any manager who wishes to acquire and retain customers in this new era.” (**Peter Sealey, Ph.D, Former CMO of The Coca-Cola Company, Adjunct Professor of Marketing at the Peter F. Drucker School of Management**)

“This outstanding book is much more than just another guide to coping with a changing world. Adrian Ott demonstrates, through solid research and compelling case histories, how customer attention has become a more precious commodity.” (**Michael J. Gelb, Author of *How to Think Like Leonardo Da Vinci and Innovate Like Edison***)

“*The 24-Hour Customer* contains a BIG idea that can payoff in BIG results. Adrian clearly demonstrates how today’s multi-screen, multitasking culture is driving vast changes in customer behavior. Leaders who want to successfully compete in today’s marketplace must read this book and act.” (**Robert H. Miles Ph.D, former Harvard Business School professor; co-author of *BIG Ideas to BIG Results*; president, Corporate Transformation Resources**)

“Adrian’s book outlines an innovative approach using a new lens to view the critical and increasing importance a customer’s ‘time’ plays in their purchasing cycle. She uses this same lens to provide useful insights on how to design business strategies to create new market opportunities and achieve sustainable market position.” (**Steve Steinhilber, Vice President Emerging Solutions Ecosystems, Cisco Systems; author *Strategic Alliances***)

“In this book, Adrian Ott appealingly explains the role of the increasingly important trade-off between time and value in driving strategy. If you understand the rules within, they will enable you to use time as a competitive advantage in vying for the attention, and wallet, of your customer.” (**Saul J. Berman, Vice President and Global Strategy & Change Consulting Leader, IBM Global Business Services**)

“Adrian Ott brilliantly succeeds in providing a unique and useful framework to analyze, understand, and put to work the time-related trade-offs we make. For executives in small and large companies alike, this book is not to be missed.” (**Robert van Eijk, Vice President, Royal Philips Electronics**)

“*The 24-Hour Customer* is a great read for any executive who needs to apply fresh thinking to products and solutions. Adrian’s strategic perspective provides many ‘lightbulb’ moments, and, by reading this fascinating book, you’ll come away with great new ideas to breathe more life and creativity into your marketing.” (**Marlene Williamson, VP, Customer Marketing, Ericsson, IP & Broadband Division**)

“In *The 24-Hour Customer*, Adrian takes the concept of time in a new direction by applying it as a strategic lever—one that can influence the design, positioning, marketing, selling and usage of your products and services. It is well worth your time to read it!” **(Peter van der Fluit, Senior Vice President Licensing, TomTom N.V.)**

“In *The 24-Hour Customer*, Adrian Ott offers a very new way of looking at things, which is both ground-breaking and pragmatic. A must-read for executives who want to succeed in today’s fast changing marketplace.” **(Amanda Setili, Chair and past President, Harvard Business School Club of Atlanta; Adjunct Professor, Goizueta Business School, Emory University)**

“It is rare that a book introduces a new concept that is scrumptious to strategy-oriented executives’ appetites, but Adrian Ott’s insightful ‘Money Value of Time’ makes you say, ‘Of course! Why didn’t I think of that!’ *The 24-Hour Customer* is a thoroughly enjoyable and useful book.” **(Carol Mills, board member of Adobe Systems, Tekelec, and Blue Coat Systems; former CEO of Acta Technology)**

“If you are as time-starved as the rest of us you must read *The 24-Hour Customer*. Adrian Ott gives the reader a crystal clear perspective on how to focus on the right strategies to break through in a world where fighting for attention is the key to winning.” **(Glenn Osaka, Senior Vice President, Juniper Networks)**

“Adrian Ott lays out a compelling argument for honoring consumer’s limited time and attention, especially in health care. Viewing consumer’s needs through the lens of their situation, not just their wants and needs, provides a fresh perspective for marketing professionals.” **(Anna Lisa Silvestre, Vice President, Online Services, Kaiser Permanente)**

“Resting on solid market research and clearly demonstrating how deeply our ‘connected’ society is affected by this new economy, this book is essential reading for any company that wishes to understand the future of the marketing, social interaction, and ultimately customer satisfaction and loyalty.” **(Ingrid Summerfield, President & COO, Joie de Vivre Hospitality)**

“I cannot say enough good things about this book...the approaches are well-structured and remind me of timeless, Michael Porter-esque classics. Yet the book goes beyond the classics and uses examples in the book that are cutting-edge, modern, timely, and technology-rich.” **(Steve Shu, Professor, Consultant, BusinessWeek Exchange Blog)**

A Conversation with Adrian Ott, author of The 24-Hour Customer

What is the Time-Value Tradeoff that customers increasingly face today?

We all factor time into decisions. For example, if I were to invite you to a meeting, you might ask, "Is it worth my time?" You would evaluate if the value of the meeting was worth the hour you would devote to it. Similarly, this kind of evaluation applies to purchases that our customers make.

Although time is factored into everyday decisions, most business executives understand relatively little about their customers' time constraints and priorities. Countless hours are spent developing pricing strategies, defining customer demographics, and product functionality, yet the impacts on time are frequently overlooked.

Why is this important to executives?

Billions are spent on developing products, services (and even government and non-profit programs) that ultimately fail because the offering does not provide sufficient value for the consumer to justify the combined investment of time and money. If a Time-Value Tradeoff evaluation were made, such factors would be understood and measures taken to improve the Time-Value balance and ultimate chances for success.

What is Time-onomics?

Time-onomics is a shorthand term for Time-Value Economics. It is a way that I describe the hidden but powerful forces created by the scarcity of time and attention that drive decisions in our hectic, always-connected world.

It sounds like a Time-onomics approach applies to more than just advertising and marketing.

Absolutely! This mindset applies to all aspects of the company. It's a new strategic lever for C-level executives, innovators, and marketers that can be applied to product or service design, marketing, channels of distribution, and customer service. Because so few companies think this way, it also creates a new set of tools and opportunities for executives to innovate and create competitive advantage.

How can companies use the increasing trend of customer distraction to their advantage?

If a customer is on your website, uses your software tool, owns your mobile device, or is in your store that is time that they are not spending elsewhere. Consuming products displaces time devoted to other offerings. Therefore the time customers are spending with you not only increases your top line but also blocks your competitors. This is why Facebook is so keen on games like Farmville because it increases the opportunities to monetize the audience by retaining them on the site longer and holding their attention.

What's an example of a company that cleverly mastered the Time-Value Tradeoff for competitive advantage?

Consider telephone and internet providers such as AT&T or Comcast that offer triple-play services, such as mobile, TV and Internet, sold together in a bundle. A key reason that they are heavily promoting

triple-play packages to customers is because the time and hassle of switching to three services is greater than switching just one service. Subscribers will remain with a provider and continue to pay the monthly annuity because customers don't want to take the time to switch. They've got other time priorities such as family and work. This situation creates competitive advantage for the incumbent provider. A competitor will need to factor the time and hassle cost into the value of the new offering, not just the price, in order to incent the customer to switch to a new offering.

This sounds like economic switching costs. Can you explain?

In its purest academic form it is a switching cost. However, when most business people apply switching costs in practice it is economically based. For example, a mobile contract cancellation fee would be an economic switching cost because it involves money. What I am describing with the Time-Value Tradeoff is Time-onomic. Economists would argue that time is an externality, yet the value of time today is as real as money is to decision-making and it needs to be explicitly factored into the customers' value equation.

What is a time magnet?

Studies have shown that increasing the amount of time in a store or a website (a.k.a. "dwell time") increases the amount of spending. Since the amount of time that people spend buying is limited, this means that if you become a time magnet where people want to spend time, you not only increase your revenue but also prevent your competitors from taking a share of the limited time that people devote to buying. You also gain the power to decide what products and services the customer sees. This is a powerful position in the value chain.

How does technology such as the new iPad and smartphones figure into Time-onomics?

Technology such as the iPad and smartphones create opportunities to lock-in customer attention via an integrated environment. As Apple has experienced with the App Store and iPhone, this hold enables Apple to gain a portion of the revenue stream by owning the customers' attention as a time magnet. The popularity of iTunes has shown that customers will favor convenience and instant gratification over taking time to search elsewhere for potentially cheaper items. The provider that garners the time and attention of the customer holds a strong competitive position.

But this is not just limited to gaining attention. Inattention can also play a role. Mobile apps enable a cornucopia of opportunities to create habits. Consider how executives are addicted to their Blackberries and iPhones. This can be used in positive ways such as texting health reminders to senior citizens to take their medications, and can also be used for learning and other positive benefits that we are just beginning to realize.

What are the different ways customers allocate their time and attention and how can an understanding of these help innovators and marketers?

What I have learned through my research is that not all time is created equal. Similarly when we evaluate different products and services we tend to prioritize them depending on our time constraints and propensities to spend time and attention on the offering. For example, we devote more time and attention to a critical business decision than selecting socks.

I've identified eight triggers that drive time and attention allocations. Sometimes customer inattention can be extremely effective as we saw with the triple-play example I mentioned previously. Research studies have found that 45% or more of human behavior is routine and predictable. One MIT study found that routines were so predictable that they could forecast as much as 90% of the time where a research respondent would go next based on a mathematical algorithm. Executives need figure out how to insert new offerings into an existing habit or create new ones.

How does a Time-onomics approach benefit innovators?

It provides a fresh lens for innovators to identify market opportunities in line with today's realities. What I have found through my research is that companies that take a Time-onomics approach not only innovate breakthrough offerings but they frequently create new business models that reach new market segments and disrupt industries.

Can you provide some examples?

Take Trip Hawkins, video gaming pioneer and one-time founder of EA, who realized that many adults wanted to play video games but simply didn't have the time to play the long sagas available on the market. He founded Digital Chocolate to offer short, quality mobile phone games that could "Seize the Minute" and be played during idle moments such waiting on a train platform. By time-slicing the video-games into a new mobile footprint, he opened up the category to previously unserved market segments such as busy parents.

Cisco's TelePresence videoconferencing solution time-shifts meetings from the physical sense to a virtual one ultimately altering geographical time-zone limitations. As next generation meeting places take hold, we can expect to see impacts on the travel industry as business people won't need to travel as much. The market research and training industries will also be impacted. Imagine how focus groups and training can now be administered using this technology rather flying instructors or research teams from city to city to realize many of the benefits of face-to-face meetings.

There are many other examples of breakthrough innovations that use time to improve lifestyles, create business to business opportunities, and address behavior change such as mobile health regimens.

Can you elaborate how a Time-onomics mindset assists with behavior change?

Rather than focusing just on the benefits of the offering itself, innovators utilizing a Time-onomics mindset to evaluate the context of competing time alternatives and constraints and how those shape the situation. If we can identify and address those competing factors, we will have greater ability to gain product adoption and behavior change. For example, rather than asking:

"What features do customers want?" (a product-centric approach)

"What do customers want and need?" (a classic marketing approach)

Innovators using a Time-onomics mindset instead ask:

"What is competing for the customers' time?"

"How are time constraints shaping the situation?"

"How do we provide value to this context that is greater than what the customer realizes today?"

Why is it significant to state your data that American consumers aren't spending any more time today buying goods and services than in the 1960s.

This underscores the scarcity of time and attention in today's economy. Most executives believe that they have 24/7 access to customers. This is simply not true. Although customers demand 24/7 access, my research has shown that the entire buying process for all products and services accounts for less than 3% of time - the world is competing for a very limited time window with the consumer. Yet we have more technology distractions than ever resulting in new behaviors such as media multitasking. This calls for a fresh approach.

What does the future of the 24-Hour Customer look like?

The platform battles between Google, Facebook and Apple are all about locking-in the customers' time and attention by creating time magnets. We can expect this battle to continue as other companies realize this dynamic and jump into owning a share of customer time. Whoever owns the customer time and attention effectively controls the value chain acting as a toll-taker to the customer, and can extract the greatest power and revenue from that relationship.

Automating and outsourcing mundane tasks in our lives to new technologies presents opportunities because we will be less likely to switch once these routines are established. The Time-Value Tradeoff will factor into these situations. Inattention and habits will be just as powerful a Time-onomic force to business as attention. The key is to understand how these dynamics affect your business and harness them to your advantage.

What are the first steps readers can take to start applying a customer time-centric approach to their business right now?

First, evaluate where your offering fits in the context of the customers' time and attention priorities. For example, would purchasing your offering be a decision like buying socks, where customers want to minimize time? Or is it a business-critical decision in which they will willingly devote hours?

Next, evaluate the alternatives that are competing for the customer's time relative to your offering. How strong or weak are these priorities? Could the customer transition to one of these alternatives easily? Or are they engaged in a habitual routine? What is the Time-Value Tradeoff for new customers to adopt your offering? How much time does it take new customers to buy, set-up and consume your offering? Are there time barriers involved? Once you've answered these critical questions, you're on your way to a breakthrough offering that customers will choose over your competitors. That's Time-onomics. And that means profits.