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Customer Relationship Management

## It's only a matter of time

By Paul F. Nunes, Nick Smith and David A. Light

Businesses that thoughtfully examine and measure the time customers spend with them, and then either reduce the time costs or enhance the time value of their offerings, can gain an advantage that will continue when the economy recovers. For companies looking to win over today's more frugal customers, a focus on the value of time comes not a moment too soon.

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## Much of the willingness to pay for time is situation-specific.

Time, as they say, is money.

And no more so than in today's tough economic environment: Companies find themselves in a bind, unable to find new ways to meet the customer's relentless demand for lower costs and higher value. Is there a way out?

Yes. Accenture research and experience suggests that marketers can quickly enhance their offerings to make them both less costly and more attractive if they focus on time—specifically, on respecting or improving the value of their customers' time, across the entire marketing lifecycle.

Consumers are under mounting pressure to work longer hours and, with their budgets squeezed, to make purchases more carefully, putting additional strains on their time. Businesses that thoughtfully examine and measure the time customers spend with them, and then reduce the time costs or enhance the time value of their offerings, can gain an advantage that will continue when the economy recovers.

For decades, businesses have created offerings designed to appeal to people's desire to do more in less time, from labor-saving appliances to fast-food restaurants to automated teller machines. Predictably, these innovations have merely whetted the public's appetite for further improvements.

And yet most people feel that companies waste too much of their time. Who doesn't have a story about spending an eternity on hold trying to resolve a simple billing question? Or standing in line at a bank where only one or two of the dozen teller windows are open?

Evidence of frustration is not just anecdotal. Accenture recently surveyed more than 1,200 consumers in North America and discovered

that large percentages of customers in a variety of industries feel that the companies they do business with are not respecting their time—and even greater numbers feel that way about their favored companies' competitors (see chart, page 6).

That companies allowed customers to feel this way during better economic times is surprising. Real wage growth over the past 25 years, coupled with declining real prices on a raft of goods, meant that the relative value of consumers' time was steadily increasing (see chart, page 4). These trends led consumers to spend more money to save time—for example, by choosing to pay others to do many of the tasks they previously did themselves, from lawn care to home decorating.

In these challenging economic times, it has become even more important for companies to carefully consider consumer attitudes toward time. With job tenures uncertain and nest eggs much diminished, anxious consumers are likely to be even more frustrated when the value of their time is not honored. And the economic necessity of once again cutting the grass or washing the windows is sure to leave customers looking for faster ways to complete those time-consuming chores.

### **Situations and idiosyncrasies**

For businesses, seizing the opportunity is not as simple as targeting a single right segment of customers willing to pay for time. The wealthy, of course, are the only logical target for some time-saving offerings, like private jets. Yet concierge medicine, where a patient pays an annual fee for easier access to a doctor with fewer clients than the typical physician, has proven attractive to buyers across a wide spectrum of incomes.

We have also observed that much of the willingness to pay for time

## Online scheduling systems have emerged that allow people to set up medical and other appointments without having to wait in a telephone queue.

is situation-specific, dependent on whether the consumer is running late, for example, or on vacation. Further, it's idiosyncratic. People will often wait in a line or on the phone to buy tickets to a show or ballgame that means a lot to them personally. But should they see a few cars waiting at the gas station, they'll come back later rather than wait in line for a few minutes (see chart, page 7).

Given these universal but difficult-to-define time demands, Accenture set out to better understand how consumers value their time, and to identify strategies companies can use to quickly assess and improve the time/price component of their products and services.

We found that some companies are already employing a variety of strategies to improve the value of time embedded in their offerings. We also identified critical requirements for the execution of these approaches.

### 1. Make it faster

Appliance makers have always been on the cutting edge of time-saving innovation, and they remain so today. Viking Range Corp., for instance, offers a high-speed convection oven that cooks a five-pound chicken in 28 minutes, and Miele sells a dishwasher for home use that goes through an entire cycle in 17 minutes. The Roomba vacuum from iRobot Corp. reduces cleaning time to almost zero: Turn it on, and it works automatically.

For today's frazzled consumers, even incremental improvements can be important. A recent article highlighted how Delta Air Lines, for example, sped up a process that was already quick: flight check-in at airport kiosks. By improving the technology so that passengers see fewer screen options, Delta expects to reduce the time

it takes for each transaction by up to a minute.

### 2. Make it shorter

Sometimes people value a particular kind of experience but want or need to enjoy it for less time than it normally takes. Consider that Americans have been shrinking the length of their vacations for decades, down to 3.3 nights, on average, according to the U.S. Travel Association. In the downturn, hotel companies and tour operators have become especially sensitive to travelers' reluctance to spend time away from the office. Luxury hotels are reducing or eliminating minimum-stay requirements, and one safari company in Tanzania now offers a two-day itinerary along with its usual nine-day excursions.

Other examples of innovations that reduce time commitments: speed dating for singles who prefer, at least initially, five-minute conversations to lunch dates that can last an hour or two; classes that introduce people to scuba diving without requiring them to seek full certification; 30-minute "lunchtime facials"; and three-day cruises for people who want to get away but can't take a week or more off from work. Home-gym maker Bowflex touts the ability of users to get a full-body workout in only 20 minutes.

### 3. Shorten the line

When it comes to wasting time, few activities can beat waiting in line. Banks, of course, are known for having a single line feeding in to their tellers, but retailers have also tried this approach in recent years.

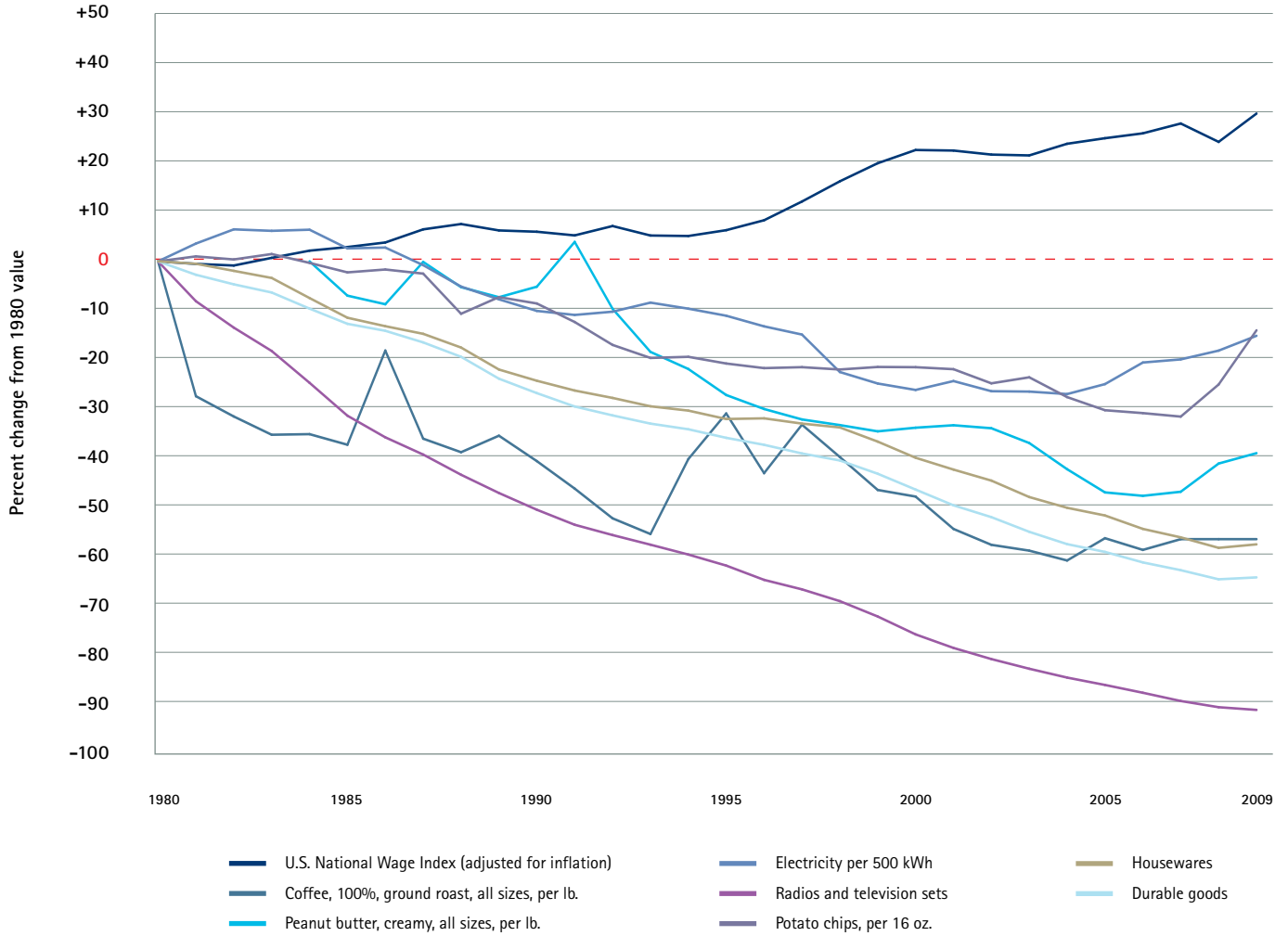
One electronics retailer was a pioneer a decade ago. In 1999-

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# Why time is money

While wages have increased 30 percent since 1980, durables have fallen in their real dollar price by 64 percent. Radios and televisions have fallen about 91 percent—making their current price about 9 percent of their real dollar price in 1980. This trend shows that the cost to the buyer of time spent in purchasing and using the product, measured as the opportunity cost of time away from work, is now much higher relative to the actual selling price of many products today.

US National Average Wage Index versus change in real cost of sample consumer items



Source: Accenture analysis

ATMs, self-service gas pumps and self-checkout at grocery stores don't always save time, but they do give consumers a measure of control over the process.

(Continued from page 3)

2000, while in the process of redesigning its stores, the company began using a single checkout line during the holiday season and other high-volume times. It also employed someone specifically to manage the line, and carefully placed selected merchandise alongside the queue, not only to encourage sales but also to give customers something interesting to look at while they waited.

In fact, when the company managers measured the effect of this change, they were surprised to find that the average time customers spent in line was only slightly less than when the stores had had the usual number of lanes open. But customers saw things quite differently; surveys showed that they felt the single line moved much faster. (Another innovation: The company installed a checkout lane in the back of its stores to handle more complex transactions, such as the purchase of cable TV or cell phone service.)

Today, companies such as Borders, T.J. Maxx and Whole Foods Market have used the single-line approach, at least on occasion. Some restaurants are helping their customers avoid lines altogether, letting office workers order lunch online and pick it up at a time of their choosing. Similarly, online appointment scheduling systems have emerged that allow people to set up medical and other appointments without having to wait in a telephone queue.

Companies can also offer customers incentives to avoid lines by choosing online shopping instead. For example, shoppers in Singapore like to go to stores to experiment with different telephone handsets. However, to keep store lines shorter, SingTel offers a discount

on equipment purchased online between 9:00 p.m. and 9:00 a.m., when its stores are closed. Result? Peak time for online shopping starts at 10:00 p.m.

#### 4. Sell time as the product

People increasingly want to spend their time in ways they see as meaningful. Our research shows that consumers deeply want to “get lost in time” and “focus on one thing at a time,” temporal choices that help induce what psychologist Mihaly Csikszentmihalyi has termed “flow” states.

Consider the time required for a traditional family dinner, which can be overwhelming, especially for working parents. Getting an even moderately elaborate meal onto the table requires time to find a recipe, make a shopping list, buy the ingredients, prepare the dishes and clean up.

Dream Dinners, a food franchise company launched in 2002 in Snohomish, Washington, is essentially selling time as a product.

As cofounder Stephanie Allen explained, “[Customers] want to get in and get out and get their dinners done. They can say, ‘This is something I made, I can have my in-laws over to dinner, and I won’t get a hard time from them.’”

The company’s customers choose meals from an online menu and then visit a Dream Dinners franchise to assemble pre-measured and pre-cut ingredients. At home, they cook the food according to provided instructions or freeze them for later use.

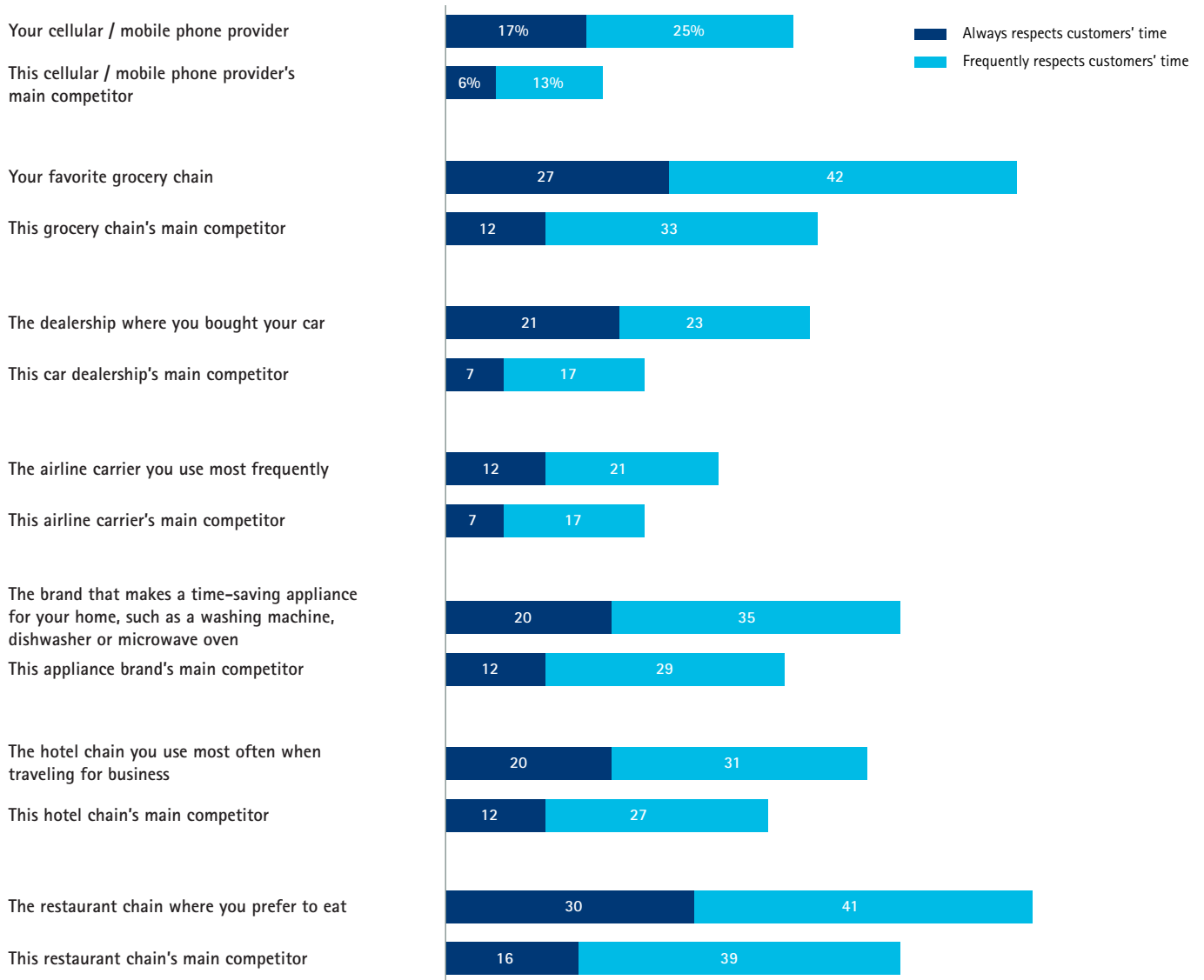
Companies like Dream Dinners ask the question, How do we create quality time that customers are willing to pay for, while reducing the time cost of unvalued

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# A matter of respect

In general, consumers choose brands from companies they believe value their time more highly than competitors would.

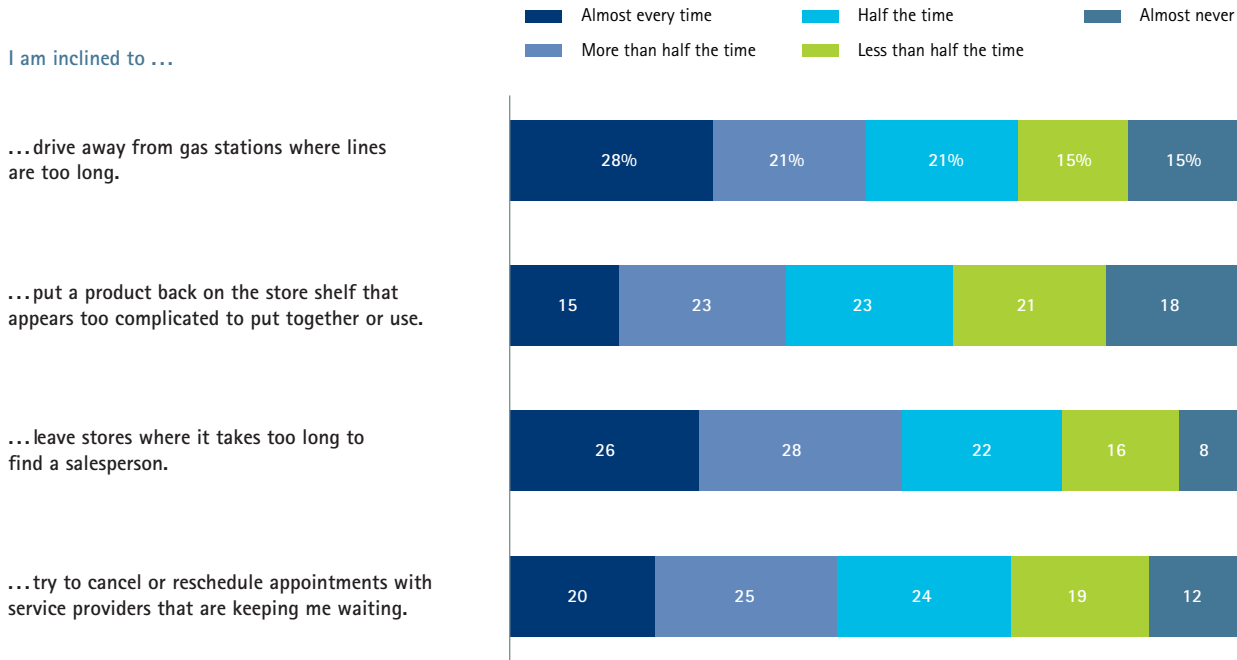
## Consumer belief about which companies better value customers' time



Source: Accenture analysis

## Customers in a hurry

In many situations, high percentages of customers will frequently move on if you make them wait too long to get what they need. How many will keep coming back?



Source: Accenture analysis

(Continued from page 5)

activities? One helpful differentiator is to determine what parts of a product or service experience—from consideration to purchase to use to disposal—are designed to be memorable instead of just simple transactions.

Dream Dinners estimates that it saves customers 20 hours a month in planning, shopping, preparation and cleanup time. With price-per-serving costs generally running between \$3 and \$5, the cost is within reach of many consumers.

The company has also enhanced the time-as-product aspect by turning the process at its stores into a social event. Some 70 percent of customers are composed of groups of friends, changing meal assembly from a solitary

and often stressful chore into a time to socialize while still getting something useful done.

### 5. Let customers decide on the speed

While every customer wants to save time and enjoy it more, it can be extremely difficult to determine what any one person most prefers at a given time. Instead of second-guessing customers, some companies are putting the clock in their customers' hands, letting them decide how fast or slow they want to go.

The evolution of self-service technologies provides some of the simplest examples of this approach. Though companies see self-service primarily as a way to lower labor costs, it has also become a way for customers to precisely control their time.

In truth, ATMs, self-service gas pumps and self-checkout at grocery stores don't always save time. What they do give consumers is a measure of control over the process, as they check prices with a scanner or decide how much money to withdraw after checking their balances.

Even more innovative self-service approaches are being tested today. At a chain of sushi restaurants in Malaysia, for example, customers order using a touchscreen connected to the kitchen. In the United States, some hospitals are installing check-in kiosks in emergency rooms. These processes allow people to proceed at their own pace and to see for themselves that their information, whether it's a food order or a medical problem, is entered correctly.

Consider how Seattle-based Blue Nile has reduced the time pressure associated with purchasing a diamond ring. The company sells engagement and other rings ranging in price from a few hundred dol-

lars to nearly \$1 million through the Internet. Blue Nile gambled that prospective groomsmen would buy, through an anonymous, impersonal electronic channel, a product traditionally considered to be of high sentimental value. So far, that bet has paid off.

The proverbial shopper in his pajamas can spend as much or as little time as he wants, anytime he wants, researching diamonds—by cut, size and other criteria—on the Blue Nile site. From there, he can shop for particular settings or rings, pricing out the products with a variety of options. Once he has reviewed his choices, his purchase can be quickly executed.

The clock is in the purchaser's hands throughout the process, and there is no pressure to make a decision. Although skeptics initially predicted that this business model was doomed to failure, the company had revenues of \$319 million in 2007 and a 4 percent share of the US engagement-ring market.

Consumer attitudes about time are a moving target, and companies must constantly reset their sights. Innovative activities that used to be considered fast may now be seen as terribly slow—24-hour photo processing, for example, has been eclipsed by instant photo printing at home from camera downloads. And now that movies can be conveniently purchased “on demand,” renting a video from a bricks-and-mortar store—a task once seen as easy—is now often viewed as burdensome.

To initiate a new time strategy for customers, several activities are critical.

### 1. Count the seconds

Delta knows exactly how long it takes fliers to check in at a kiosk. Do you know how long your customers are waiting in line?

The Mystery Shopping Providers Association, a professional trade group, periodically uses thousands of “mystery shoppers” to monitor

waiting times at North American retail outlets. In 2008, for example, the leader at “limited-service restaurant brands” was Dunkin' Donuts, with an average waiting time of just four minutes and three seconds. As a result, 83 percent of respondents indicated that, based on their time in line, they would return to the store.

## Time-saving innovations don't have to be IT-based.

Although Starbucks Corp. placed sixth in that year's study, it is no slouch when it comes to respecting its customers' time. Recently, for example, it created a larger, stronger scoop so that baristas need only dip into the ice bin once to fill a large blended drink. Time saved per order: 14 seconds.

The latte purveyor also eliminated the need for signatures on credit-card orders under \$25, a decision that saved, on average, eight seconds per order. At the same time, Starbucks, recognizing that too fast is not the best solution either, engineers the in-store experience to make sure customers take time to stop and smell the coffee while waiting for their brew, the enjoyment of the aroma being central to the Starbucks experience.

Fast-food restaurants also continue to seek out ways to squeeze time out of their already fast operations. Wendy's, for example, now uses a double-sided grill to cook four-ounce hamburgers in 85 seconds instead of more than five minutes.

### 2. Improve the technology

When it comes to helping people use their time more efficiently, technological innovation continues to lead the way. UK-based global supermarket giant Tesco, for example, is developing a new application to improve online shopping. Previewed at a conference of software developers in 2008, the service would allow shoppers to see orders, to-do lists, messages and calendars.

As Tesco executive Nick Lansley explained: "Using the calendar, you can plan grocery-ordering needs in one view, while also being able to see what's happening in the household and who will be home for dinner." Lansley went on to point out that Tesco custom-

ers using the tool will be able to choose three meals and load them in a virtual shopping basket in less than 30 seconds.

Consider also the phenomenon of the humble lunch truck. Lured by the relatively low cost of launching such a business, highly trained chefs in cities around the United States are using a mobile approach to bring upscale cuisine to employees looking for good food quickly and on a budget. And the truck operators are using technology to find customers on short notice.

Kogi, a truck operator serving Korean-style barbecued meat inside taco shells in Los Angeles, has more than 34,000 followers on Twitter. Other vendors are following this example, posting messages on followers' cell phones and alerting customers of their whereabouts. This use of technology allows office workers to time their lunch breaks with precision.

Time-saving innovations don't have to be IT-based. Several years ago, Campbell Soup Co. began using a new approach in stores to help customers make their soup choices more efficiently. Its unique gravity-feed shelving systems, which can now be found in more than 21,000 stores, are the company's "largest single advertising medium (in terms of impressions) for soup," according to Carl Johnson, Campbell's chief strategy officer.

The systems were conceived after watching shoppers decide which soup to buy. Combined with increased visibility of the varieties, "the shelving reduces the time it takes shoppers to find the soup they want by 75 percent," Johnson adds.

### 3. Test new models

Testing different approaches—rather than getting locked into

## One approach to finding new customers is to stake out the low time-cost proposition in an industry and wait for interested customers to reveal themselves.

one comfortable way of doing things—allows a company to find out, at low cost, what people really want, without having to reinvent the entire experience at all of its locations.

The Uno Chicago Grill chain, for instance, has run numerous experiments that allow customers to control the length of the dining experience. Frank Guidara, Uno's chief executive officer, told *Accenture* that at one point the company was running three tests, from self-service dining to full-service dining, with one option that combined the two.

As Guidara explained: "Whether it's a business meeting or a romantic dinner or a lunch with a friend, the control has to be given to the guest so that if they want a speedy experience or a very slow experience, they can order it. They need to dictate that, not the restaurant." For Guidara, how customers perceive time while at Uno's is critical to the company's continued success.

Some big box retailers are now experimenting with smaller boxes. In the Seattle area, OfficeMax is opening three stores of 2,000 square feet—one-ninth the size of the typical OfficeMax—called Ink Paper Scissors. Smaller stores can take less time to visit than the big boxes, and they often feature shorter lines and aisles that are easier to navigate. They also hark back to the era of the "corner store," when service was personal—an approach that stressed-out consumers may appreciate even as they keep a close eye on prices.

### 4. Find new, time-sensitive customers

Though there is not one particular customer segment that always values time more than others, companies can still follow several

approaches to find new customers. One is to stake out the low time-cost position in an industry and wait for interested customers to reveal themselves. This approach worked for fast food in the past and more recently for rapid oil-change services and online banks.

Another approach is to design offerings specifically for those customers most likely to be time-starved. *Soundview Executive Book Summaries* has been successful for more than 30 years, delivering business-book content in brief to harried businesspeople, first in print and now online.

A third approach is to identify specific moments when people feel their time is being wasted and then improve those experiences. Though audiobooks were originally popular with the blind, they became big business when they were marketed as a way to make the time pass more pleasantly and productively for commuters. And *Captivate Network* puts news content and advertising on video screens in elevators to soak up those wasted seconds between floors.

In the multi-polar world, growth in relative affluence is creating new classes of consumers who are suddenly open to time-saving products and services that once would have been out of their reach. Air travel is one example. In Chile, LAN Airlines' "new way to travel" program aims to make short-haul air travel more accessible and attractive to the general public. Its goal is to make air travel a commonly used mass transportation method in Chile and capture market share by stimulating and then tapping new sources of demand.

By simplifying airport and on-board processes, offering more non-stop flights and schedule

alternatives, and discounting fares by up to 35 percent, LAN created demand for air travel among those who previously relied on land transportation. The airline had 500,000 more passengers in 2007 than it had the previous year. This demand-stimulus model was piloted by LAN in Chile and later rolled out in Peru; passenger traffic grew 24 percent in Chile and 32 percent in Peru.

### Not so fast

But always keep in mind that for consumers faster doesn't always mean better. Slowing down and prolonging experiences makes them memorable. A fast-food meal is forgotten immediately. The CliffsNotes version of a great novel doesn't linger in readers' minds.

People who want memories to savor must take the time to create them. As the Czech writer Milan Kundera observed in his novel *Slowness*, "The degree of slowness is directly proportional to the intensity of memory; the degree of speed is directly proportional to the intensity of forgetting."

Businesses like Starbucks recognize that while it's important to get customers through lines quickly, it's also important that they linger—over the music that's playing, to consider other purchases and just to relax. In these challenging economic times, companies will have to carefully rethink their customer touchpoints to make some parts of the experience as fast as possible, and to turn other aspects into moments to savor.

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