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Brand Experience, Values Increasingly Drive Loyalty

by Karlene Lukovitz, Monday, February 6, 2012 8 AM



Editor's Note: This week, Marketing Daily brings you exclusive coverage of the Brand Keys 2012 Customer Loyalty Engagement Index. Each day, expect a full report on key product/services categories from among the 83 surveyed for this year's study, including automotive, electronics, retail and technology. This first installment focuses on highlights from "consumables" categories: food and beverages, restaurants and spirits/beer.

More than ever, the core drivers of brand loyalty are emotional rather than rational. That's the takeaway from the 2012 Brand Keys Customer Loyalty Engagement Index (CLEI), which marks the survey's 16th year.

While emotional engagement factors have become more critical each year, the influence of two core, overarching components rose markedly in 2012: the brand's "values" and the consumer's brand "experience."

In a nutshell, Brand Keys' definition of "brand value" is what a brand stands for or means to the consumer on an emotional level, explains the consultancy's founder and president, Robert Passikoff.

"Across most of the 83 product categories, we found that consumers' loyalty now hinges more than ever before on the degree to which a brand has established a clear core value proposition -- a differentiator that goes beyond the basic utility of a product or service," he says. "Today, delivering on the 'rational' reasons to buy a brand -- good or superior quality and value for the price -- is just the 'door-opener.' If that's all a brand is doing, it's in grave danger of being commoditized. In fact, it's not a brand; it's a category placeholder."

Brand experience is closely tied to value, but depends heavily on the "delight" factor: To what degree the brand exceeds baseline expectations by delivering benefits or an emotional connection that enhances the consumer's day-to-day life in small or significant ways, he explains.

Just as important, this year, Brand Keys found that in a significant number of categories, consumers' expectations for brands also have risen markedly, Passikoff stresses.

To put the findings in context, a quick explanation of Brand Keys' survey methodology: Respondents self-select the product/services categories in which they are consumers, and the brands for which they are customers. Surveyed consumers determine which brands, and how many brands, make the rankings within a given category in any given year. Assessments are based on an independently validated technique that identifies the core rational and emotional factors that drive consumers' "ideal" for each specific category. The rankings in each category reflect how well (on an indexed basis) each brand met or exceeded the "ideal" for its category.

With rare exceptions, even the top-ranking brands' scores fall short of the ideal, in part because consumers' expectation levels continue to rise. Across categories, expectation levels for "brand value" have risen by 25% over the past 16 years, while brand-value rankings have risen only 7% to 8%, Passikoff reports.

This year, Brand Keys surveyed 48,000 consumers between the ages of 18 and 65, drawn from the nine U.S. Census regions. The survey's technique/statistical analyses result in a test/re-test reliability of 0.93.

Consumables Categories: Major Shifts Afoot

Here are ranking highlights for key beverages, food and restaurant categories:

Soft Drinks

1. Coca-Cola
2. Pepsi
3. Mountain Dew
4. 7-Up/Sprite (tie)
5. Dr Pepper
6. Fanta

Soft Drinks (diet)

1. Diet Coke
2. Diet Pepsi
3. Diet Mountain Dew
4. Diet Dr Pepper
5. Diet 7-Up

In two of the most notable category shifts in this year's CLEI, Coca-Cola displaced Pepsi as #1 in both the regular and diet soft drink categories. Passikoff reports that Pepsi and Diet Pepsi have been #1 (and Coke/Diet Coke #2) nearly every year since CLEI launched in 1996. The exceptions: In 1997, Coke was #1 in both the regular and diet categories; and in 1999, Diet Coke was #1, to Diet Pepsi's #2 (although Pepsi still held #1 in the regular soft drinks category).

In regular soft drinks, the top category ideal-drivers again this year were "refreshing taste" and "brand appropriate for the whole family." But this year, consumers' expectation levels for the latter -- which is essentially a variant of "brand value" -- jumped by six points. Any change of five points or more is very significant, explains Passikoff.

Conclusion: "Clearly, Coca-Cola's 'Open Happiness' brand platform, and their tying their polar bear icon to social consciousness with the initiatives to help save the polar bears' arctic environment, are emotionally resonating with consumers," he says.

In diet soft drinks, "brand appropriate for the whole family" is the #1 category ideal-driver, and expectations for this jumped even more -- by eight points. The #2 driver is "good taste/no aftertaste."

Beer

1. Sam Adams/Coors (tie)
2. Stella Artois/Corona (tie)
3. Heineken/Michelob (tie)
4. Guinness
5. Miller
6. Budweiser

Beer (light)

1. Sam Adams Light
2. Coors Light
3. Michelob Light
4. Bud Light
5. Natural Light
6. Miller Lite
7. Amstel Lite

Reflecting beer drinkers' shift toward craft varieties, Sam Adams ("Take pride in your beer") tied with Coors for #1 regular beer for the second consecutive year. Stella Artois, at the bottom of last year's rankings, leaped up to #2, where it tied with Corona, which last year tied for #3 with Budweiser. Heineken/Michelob tied again, but in the #3 position (versus #5 in 2011). Guinness dropped by two places, to #4. Miller retained its #5 position, while Budweiser dropped three places, to #6.

Sam Adams Light, not even in the rankings last year, is now in first place (pushing Coors Light to #2). Michelob Light rose by two places. Miller Lite dropped three places, and Natural Light and Amstel Lite each dropped by one.

In both beer categories, "brand appropriate for all occasions" (again a variant of "brand value") is now the #1 ideal-driver. In regular beer, it supplanted "formulations/varieties" as the top driver, and in light beer, it supplanted "refreshing taste."

Packaged Coffee

1. Dunkin'/Starbucks (tie)
2. Green Mountain
3. Folgers/Peets/Allegro (tie)
4. Maxwell House/Chock Full 'O Nuts/Seattle's Best (tie)
5. Caribou/Lavazza/Eight O'Clock/Millstone (tie)
6. Nescafe
7. Yuban

This category is new to CLEI this year. While Starbucks invested heavily to establish the brand in stores, it didn't make the rankings. And despite its being ubiquitous, Starbucks' introduction of Blonde Roast reflects a need to broaden its coffees' appeal, Passikoff notes. "Many people don't like the heavy European taste of their dark coffees," he says. Top ideal drivers: taste/aroma, brand value.

Vodka

1. Grey Goose
2. Ketel One
3. Smirnoff
4. Chopin
5. Belvedere/Absolut (tie)
6. Ciroc/Stolichnaya (tie)
7. 3 Olives
8. Skyy
9. Finlandia

Tequila

1. Patron
2. Jose Cuervo
3. Sauza
4. Don Julio
5. 1800
6. Don Diego
7. Monte Alban

Among vodkas, Grey Goose (#2 last year) supplanted Ketel One as #1. Absolut rose four places; Smirnoff rose three; 3 Olives dropped two; Chopin, Finlandia and Skyy each dropped one; and Ciroc and Stolichnaya were again tied, but this time in sixth place instead of fourth. Last year, brand image and versatility tied for top ideal driver; this year, brand image was the clear #1.

Among tequilas, Patron and Sauza held their #1 and #3 respective positions; Jose Cuervo moved up two places; Don Julio dropped two; and 1800 dropped one. Don Diego and Monte Alban were not in last year's rankings. "Brand and self image" was again the #1 ideal driver, but expectation levels for this attribute rose. Taste remained the #2 driver.

Breakfast Cereal (Kids)

1. Frosted Flakes
2. Lucky Charms
3. Froot Loops
4. Cocoa Puffs

5. Trix
6. Cap'n Crunch
7. Wheaties
8. Honey Grahams

Breakfast Cereal (Adults)

1. Cheerios
2. Special K
3. Honey Nut Cheerios/Frosted Mini Wheats (tie)
4. Honey Bunches of Oats/Chex (tie)
5. Fiber One
6. Rice Krispies
7. Kellogg's Raisin Bran
8. Corn Flakes
9. Life
10. Grape-Nuts
11. Post Raisin Bran
12. Kix

In kids' cereals, Frosted Flakes and Lucky charms held their #1 and #2 positions, respectively; Froot Loops gained three positions; Wheaties lost two; and Cocoa Puffs, Trix and Cap'n Crunch each lost one. Price/value is now the *least* important driver, with brand family focus and taste being the top driver. Expectations in this category leaped up this year.

In adult cereals, Cheerios continues to rule, now followed by Special K, which rose one place, pushing Honey Nut Cheerios to #3. Frosted Mini Wheats rose two places, and Fiber One rose one. Honey Bunches of Oats, Rice Krispies and Kellogg's Raisin Bran retained their positions; Chex gained four places (tying with Honey Bunches); Corn Flakes lost one place; Life jumped into the rankings at #9; Grape-Nuts lost three places; and Post Raisin Bran and Kix each lost four. For adults, the top driver is again "tasty lifestyle," followed by price/value.

Packaged Ice Cream

1. Häagen Dazs/Ben & Jerry's (tie)
2. Breyers
3. Blue Bell
4. Turkey Hill/Starbucks (tie)
5. Edy's
6. Dove/Dreyer's (tie)

A new CLEI category. Top drivers: Brand value, taste.

Pasta Sauce

1. Barilla
2. Ragu
3. Progresso
4. Classico
5. Buitoni
6. Prego
7. Hunt's
8. Rao's

Barilla maintained its #1 position; Ragu jumped from #4 to #2; Progresso gained one position; Classico and Buitoni each lost two; Prego and Hunt's each lost one. Rao's didn't make last year's rankings. This year, brand value/variety is the top driver, bumping "great taste for the whole family" down to #2.

Quick Serve Restaurants

1. McDonald's/Subway (tie)
2. Wendy's
3. KFC
4. Burger King
5. Hardee's
6. Quiznos
7. Taco Bell

Casual Dining Restaurants

1. Ruby Tuesday
2. Outback
3. Chili's
4. Olive Garden
5. IHOP/Red Lobster (tie)
6. TGI Friday's
7. Hooters/Applebee's (tie)
8. Arby's

Pizza Restaurants

1. Domino's/Papa John's (tie)
2. Pizza Hut
3. Godfather's
4. Round Table
5. Chuck E. Cheese

6. Little Caesars

Coffee Restaurants

1. Dunkin' Donuts
2. Starbucks
3. McDonald's
4. Tim Hortons

Among QSRs, Subway rose from #2 to tie with McDonald's for #1. Wendy's jumped up three places to #2, and KFC jumped three places to #3. Burger King lost one place; Hardee's gained two places; Quiznos lost two places; and Taco Bell remains last. Jack in the Box -- #8 last year -- didn't make this year's rankings. Top drivers: "brand value and healthy choice" rose to #1, bumping menu variety to #2. Customer service and décor/entertainment are in third and fourth place.

Among casual dining restaurants, Ruby Tuesday rose from #2 to #1, bumping Olive Garden, which fell to #4. Red Lobster fell from #3 to #5 (tying with IHOP, which last year was tied for fifth place with TGI Friday's). Friday's lost one place this year. Applebee's and Hooters tied again, but in sixth rather than seventh place. Arby's remained at #8. Notably, Outback -- #4 last year -- didn't make 2012's rankings. Top drivers: Brand value and variety is #1, healthy choice and variety is #2; customer service is #3 and entertainment/reputation is #4.

Among pizza chains, Papa John's moved up from #2 to tie with Domino's for #1. That moved Pizza Hut up one, to #3. Godfather's rose three places, to #3, and Round Table rose two places, to #4. Chuck E. Cheese rose two places, to #5. Little Caesars dropped two places, to #6. Top drivers: #1 is quality and taste; #2 is brand value; #3 is location/quick service; and #4 is "extras" (side dishes, soda, extra cheese etc.).

Among coffee restaurants, Dunkin' Donuts is #1 for the sixth consecutive year. Starbucks, McDonald's and Tim Hortons retained their #2 through #4 positions. Krispy Kreme, #5 in 2011, didn't make the 2012 rankings. Service/surroundings is the top driver; brand value and location tied for #2; and taste is #3 (but has the highest expectation level).