MarketingDaily

Emotional Expectations For Brands Reach New Highs

by Karlene Lukovitz, Monday, February 3, 2014 8 AM

Editor's Note: This week, Marketing Daily *brings you exclusive coverage of the Brand Keys 2014 Customer Loyalty Engagement Index (CLEI). Each day, expect a report on key product/services categories from among the 65 surveyed for this year's study, including automotive, electronics, retail and technology. This first installment provides a results overview, followed by highlights from "consumables" categories including restaurants (by format), soda, packaged coffee, breakfast cereals, and in the spirits arena, vodka.*

Brands' struggle to meet consumers' rising expectations so as to achieve differentiation, engagement, loyalty and, ultimately, marketplace success, has been intensifying each year, as documented by Brand Keys' annual Customer Loyalty Engagement Index (CLEI).

This year's CLEI again confirms that overall dynamic -- plus a dramatic upsurge specifically in consumers' "emotional" (as opposed to "rational") expectations, reports Brand Keys founder and president Robert Passikoff.

In fact, consumers' emotional expectation levels across the 555 brands in 64 product/services categories researched this year jumped by an average 28%, to the highest levels ever recorded in CLEI's 18-year history.

At the same time, consumer perceptions of how well brands meet their expectations rose by just 6% on average.

Why the leap in emphasis on emotional factors?

While consumers still make buying decisions based on a synthesis of rational and emotional values (both of which vary by category), consumer empowerment enabled by mobile and social interactivity, combined with "perpetual" price promotions and discounting, have now reached saturation levels, says Passikoff.

"More than ever, meeting consumers' rational expectations, such as product or service quality factors and value for the money, are just the table stakes," he points out. "The bar for what consumers consider rational 'givens' rises each year. Features or capabilities that once delighted are now expected. But maintaining parity with category competitors in delivering on these rational expectations is simply the minimum for staying in the game.

"To rise above the pack and actually differentiate and win loyalty today, a brand has to meet consumers' emotional drivers and expectations," Passikoff stresses. "In some cases, genuinely innovative technology or features can do that. For instance, in digital communications devices and social networks categories, customized features that enable a sense of personal connectivity have now become crucial. In other categories, the emotional drivers may relate to trust, or how much a brand enhances consumers' self images, or how they believe they're perceived by others.

"Awareness alone is of limited value," Passikoff sums up. "Brands have to be known for something in particular, and meaningful differentiators are now far more likely to be emotional than rational. Many brands aren't meeting or exceeding the expectations within their categories. But those that are are breaking out and thriving in the marketplace. That's where the opportunities lie."

Reflecting consumer input, new categories in this year's CLEI survey include online music, instant messaging apps, online video streaming, online payment services, and headphones. Also, the insurance category has been broken into two categories (home and life).

For the 2014 CLEI, Brand Keys surveyed 32,000 U.S. consumers between the ages of 18 and 65, drawn from the nine U.S. Census regions. The proprietary research technique/statistical analyses have a test/re-test reliability of 0.93, which provides assessments that are generalizable at a 95% confidence level.

Each year, CLEI respondents self-select the product/services categories in which they are consumers, and the brands for which they are customers. Respondents determine which and how many brands make the rankings within a given category each 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.

(A free copy of the full CLEI 2014 results can be requested through the Brand Keys site. In addition, short audio and MP3 summaries of key 2014 results and trends are available on the site.)

Restaurants: Panera, Subway, Domino's, Dunkin' Top Their Categories

***Casual/fast-casual restaurants:** Industry statistics confirm that fast-casual formats' sales growth continues to outpace other restaurant formats', and CLEI respondents' increasingly frequent citations of fast-casuals parallel this trend.

As a result, the previous casual-brands-only CLEI category was this year expanded to include fast casuals, as well.

Last year, the casual-only category was led by #1 Applebee's, #2 Olive Garden, Chili's/IHOP (tied for third), Red Lobster and TGI Friday's (tied for fourth).

This year, the combined fast casual/casual category is led by Panera Bread, which met consumers' expectations against the category's "ideal" at a 92% level. (Panera is the #1 bakery cafe fast-casual, with sales of $3.7 billion in 2012, according to Technomic Inc.)

The category's primary ideal-driver factors this year are "health, quality and taste," followed by "value and variety," "friendly and efficient customer service," and "sensory" factors (which range from restaurant cleanliness to the perceived environmental and community responsiveness of the brand).

The second- and third-ranked CLEI brands are also leading fast-casuals: Chipotle Mexican Grill and Au Bon Pain.

Other brands making the cut were Olive Garden and Arby's (tied for fourth place this year; Arby's ranked fifth last year); #5 IHOP; #6 Texas Roadhouse; Cosi, TGI Friday's and Applebee's (three-way tie for seventh place); Ruby Tuesday (#6 last year), Chili's, Red Lobster and Golden Corral (four-way tie for eighth place); and #9 Outback.

***Quick-service restaurants:** Subway is again #1, having met the QSR category's ideal at a 92% level.

Notably, the top ideal driver for fast-food chains is now "healthy choice," followed by brand reputation and value, menu variety, and customer service and dining experience.

McDonald's' ranking improved from #3 last year to #2 this year, where it's tied with Chick-fil-A (not in last year's QSR rankings).

Burger King dropped from #2 to #3. Wendy's, last year tied with Taco Bell in fifth place, rose to fourth place (Taco Bell remains #5). KFC, last year #4, is this year tied with Popeye's in sixth place (Popeye's didn't make last year's rankings). Hardee's dropped from sixth to seventh place, followed by Quiznos (new to the rankings this year).

***Pizza restaurants:** Domino's is again #1, having met the category's ideal at a 92% level.

The top drivers of this category's ideal are taste and quality, extras/added value, brand "comfort" (how consumers feel about its positioning, but also rational factors like pricing) and service (where online and mobile ordering options are increasingly important).

Papa John's rose one ranking this year, to #2, in turn bumping Pizza Hut from #2 to #3. Little Caesars remained #4, Papa Murphy's came onto the rankings at #5, Sbarro remained at #6, and Chuck E. Cheese rose from eighth to seventh place.

Bumped off this year's rankings: Noble Roman and Godfather's, which were #5 and #7, respectively, last year.

***Coffee restaurants:** Dunkin' Donuts and Starbucks are #1 and #2, respectively, for the third year in a row.

Dunkin' met the category ideal at a 96% level. The top driver in that ideal is now "a barista experience" (crafted beverages), followed by quality and taste, variety and selection, and value and location.

This year, Tim Horton's improved its ranking from fourth to third, bumping McDonald's down a place to fourth. New to this year's rankings: The Coffee Bean, at #5.

Soft Drinks: Coke Continues to Dominate

***Regular soft drinks:** Coca-Cola is #1, alone in this position for the third year in a row.

Coke met the category's ideal at an 88% level. The brand scores high on the key ideal-drivers taste and formulations/flavors, and importantly, also scores high on "brand appropriate for the whole family," the factor associated with the highest expectations for the regular soda category, reports Passikoff.

Mountain Dew is again #2, while Sprite moved up from #4 (where it was tied with Pepsi) to #3. Dr Pepper moved up to #4, from #5. Pepsi dropped from #4 to #5.

Fanta entered this year's rankings at #6, while 7-Up dropped to #7, from #3 last year.

***Diet soft drinks:** Diet Coke is also alone in the #1 spot for the third consecutive year. It met the category's ideal at an 89% level (the ideal drivers for diet are the same as for regular sodas).

Diet Mountain Dew is again #2 this year, followed by #3 Diet Dr Pepper, which bumped Diet Pepsi down one ranking, to #4. Diet 7-Up remains in fifth place.

Packaged Coffee: Dunkin', Starbucks Again on Top

Dunkin' Donuts is again #1, having met the packaged coffee category's ideal at a 96% level.

The category's ideal drivers include reputation and brand value, taste and aroma (Dunkin' scores very high on this factor, according to Passikoff), variety, and convenience.

Starbucks is again #2. This year, Caribou came onto the rankings at #3, where it's tied with Chock Full O' Nuts. (Last year, Chock Full O' Nuts was tied in fourth place with Folgers and Eight O' Clock).

Green Mountain and Allegro are tied at #4 (last year, they were tied at #3). Eight O' Clock is down one ranking, to #5; Folgers is down two, to #6; Lavazza is down one, to #7 (where it's tied with Peet's, previously at #5); and Maxwell House is down one, to #8. Nescafe and Yuban, last year tied with Peet's at #5, did not make this year's rankings.

Breakfast Cereals: Cheerios Reigns, Special K Moves Up

Cheerios reigns once again, holding the #1 spot by meeting the category ideal at a 95% level.

The ideal drivers in the category are "brand for a tasty lifestyle" (combines taste and lifestyle factors), healthy option, ingredients/nutrition, and price/value.

Special K rose one place to grab the #2 position. Honey Bunches of Oats and Honey Nut Cheerios are ranked #3 and #4 (up from fifth place last year, where they were tied with Kellogg's Corn Flakes).

Frosted Flakes dropped from #2 to #5, where it's tied with Raisin Bran (not in last year's rankings). Froot Loops and Wheaties are tied at #6 (the former gained one place, the latter lost two places).

Lucky Charms remained in seventh place. Trix lost one place; it's now ranked eighth, in a tie with Cap'n Crunch (also in eighth place last year) and Frosted Mini Wheats (not in last year's rankings).

Cocoa Puffs entered this year's rankings in ninth place, where it's tied with Rice Krispies (down from #6 last year) and Kellogg's Corn Flakes (down from #5).

Vodka: Grey Goose #1 Again; Ketel One Rises

Grey Goose again leads the category, having met the ideal at a 90% level.

This category's big driver is brand image. Perceived "versatility" is also important, as are distillation and smoothness.

Ketel One rose from third to second place. Smirnoff and Tito's, an American "craft" vodka, are tied in third place (last year, they were tied in second place).

Absolut remained at #4, while Chopin declined one place to #5. Skyy came onto this year's rankings at #6, where it's tied with Stolichnaya (previously #5). Sveda dropped from #3 (where it was tied with Ketel One last year) to #7.

Three Olives came onto the rankings at #8. Belvedere came on at #9, where it's tied with Ciroc and Finlandia (which were #6 and #7, respectively, last year).