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**PRESS RELEASE
FOR IMMEDIATE RELEASE**

**BRAND KEYS 2014 CUSTOMER LOYALTY INDEX
FINDS CONSUMERS' EMOTIONAL EXPECTATIONS FOR
PRODUCTS, SERVICES AT 20-YEAR HIGH**

**BRANDS THAT BEST MEET EXPECTATIONS CASH IN,
THOSE THAT DON'T BECOME COMMODITIES**

**Apple Back On Top For Tablets and Smartphones
JetBlue, Nike, Twitter, Victoria's Secret and Panera Claim Category Leads**

NEW YORK, NY (FEBRUARY 3, 2014) – The interaction of mobile and socially networked-consumer empowerment, along with perpetual price promotions and discounting, have finally reached saturation-levels, producing the highest level of emotional consumer expectations for products and services in two decades – up nearly 30%. The degree to which brands have been able to meet consumers' expectations has, on average, grown by only 6% – defines how successful brands will be, and is the critical finding in the 18th annual 2014 Brand Keys Customer Loyalty Engagement Index[®] (CLEI), conducted by the New York-based brand engagement and customer loyalty research consultancy, Brand Keys (brandkeys.com).

“Brands best able to meet – sometimes even exceed – consumers' emotional and rational expectations will have more loyal customers, higher engagement power and, ultimately, demonstrate greater profitability and market power,” said Robert Passikoff, President, Brand Keys. “The difficult part, of course, is accurately measuring consumer expectations. ”

Top Brands – Apple, Hyundai, Ford, Domino's, Dunkin'...

Brands – products and services that consumers saw as best meeting expectations – appearing at the top of the 2014 year's survey, include: Apple (displaced in the 2013 CLEI in both the Tablet and Smartphone categories, has smartly come back this year). Brands like AT&T, Hyundai and Ford, Domino's and Dunkin', Google and the NFL, all managed to maintain their #1 positions in their respective categories. Brands that showed up in their categories for the first time include: Panera, Chipolte, USAA and Twitter; Lancôme and T. Rowe Price moved up in their categories – based on their abilities to meet customers' rational and emotional expectations.

“As years of research have shown, consumers make purchasing decisions based on a synthesis of rational and emotional values related to the individual category where a brand competes. But today, real differentiation is based more on the ability to leverage the emotional category-specific values by better meeting expectations,” noted Passikoff. “Consumers do not buy computers the way they buy cars, so you can't trade away category specificity for cross-category generalities. Actually, you can, and many brands do, but they usually end up with averages, which are really poor indicators of how people will actually behave – ‘behave’ being the operative word if you're looking for success in today's marketing world.”

Methodology

For the Brand Keys 2014 survey, 32,000 consumers, 18 to 65 years of age drawn from the nine US Census Regions, self-selected the categories in which they are consumers, and the brands for which they are customers (top-20%). Seventy percent (70%) were interviewed by phone, twenty-five percent (25%) via face-to-face interviews (to include cell phone-only households), and 5% participated online.

Assessments are based on an independently-validated research technique that fuses rational and emotional aspects of the categories to identify the behavioral drivers for each category-specific Ideal, and identifies the attributes, benefits, and values that form the components of each driver. The Ideal describes a precise path-to-purchase, describing how the consumer will *view* the category, how they will *compare* brands and, ultimately how they will *engage with the brand, buy, and remain loyal*. Then the assessments measure how well brands meet expectations consumers hold for each driver that makes up the Ideal for a specific category.

The proprietary research technique combines psychological inquiry with higher-order statistical analyses to deliver a verified test/re-test reliability of 0.93, with results generalizable at the 95% confidence level. It has been successfully used in B2B and B2C categories in 35 countries around the world.

Seven New, Highly Engaging Categories Show Up

Seven new categories – Fast Casual Dining, Online Music, Instant Messaging Apps, Online Video Streaming, Online Payment Services, Headphones, and Insurance, now examined by Home and Life individually to better mirror consumer behavior – were added to the 2014 CLEI survey. “We’ve seen high consumer interest and strong brand growth in these categories,” said Passikoff, “ We included them to replace older categories whose commoditized players had lost any real sense of differentiation and had literally become interchangeable, and for categories that had become too small in terms of the number of national providers.” That brought this year’s 2014 CLEI assessment total to 64 categories and 555 brands.

Below are the brands with highest levels of consumer engagement *vis à vis* expectations in their respective categories. The percentages indicate the degree to which a brand met expectations versus a consumer-generated, Category-specific Ideal (100%).

1. Airline: JetBlue (81%)
2. Allergy Medications (OTC): Claritin (88%)
3. Athletic Footwear: Nike (91%)
4. Automotive: Ford/Hyundai (93%)
5. Bank: JP Morgan Chase (90%)
6. Beer (Light): Coors Light/ Sam Adams Light (95%)
7. Beer (Regular): Coors/Sam Adams (90%)
8. Breakfast Cereal: Cheerios (93%)
9. Car Insurance: USAA (92%)
10. Car Rental: AVIS (90%)
11. Casual/ Fast-Casual Dining: Panera (90%)
12. Coffee: Dunkin’ Donuts (96%)
13. Computer (Laptops): Apple (95%)
14. Cosmetics (Luxury): Lancôme (93%)
15. Cosmetics: L’Oreal (84%)
16. Credit Card: Discover / American Express (90%)
17. Diapers: Pampers (96%)
18. E-Readers: Kindle (96%)
19. Evening News Shows: NBC (92%)
20. Flat Screen TV: Samsung (98%)

21. Gasoline: Shell (88%)
22. Headphones: Beats by Dr. Dre / Sony (91%)
23. Hotel (Luxury): Ritz-Carlton (93%)
24. Hotel (Upscale): Hyatt (87%)
25. Hotel (Midscale): Holiday Inn (84%)
26. Hotel (Economy): Super 8 (83%)
27. Insurance (Life): New York Life (82%)
28. Insurance (Home): USAA (84%)
29. Instant Messaging Apps: WhatsApp (90%)
30. Major League Gaming Video: Call of Duty – Ghosts (92%)
31. Major League Sports: National Football League (94%)
32. MFP Office Copier: HP / Konica Minolta (83%)
33. Morning News Show: Good Morning, America (ABC) (87%)
34. Mutual Funds: T. Rowe Price / Vanguard (80%)
35. Natural Food Stores: Whole Foods (90%)
36. Online Brokerage: Options Xpress (86%)
37. Online Music: Pandora (90%)
38. Online Payment Services: PayPal (90%)
39. Online Retailers: Amazon (93%)
40. Online Travel Sites: Expedia (87%)
41. Online Video Streaming: Netflix / Amazon (88%)
42. Packaged Coffee: Dunkin' (96%)
43. Pain Reliever (OTC): Aleve (90%)
44. Parcel Delivery: UPS (90%)
45. Pet Food (Canned) for Cats: Purina (94%)
46. Pet Food (Canned) for Dogs: Science Diet (91%)
47. Pizza: Domino's (89%)
48. Printers: Canon (94%)
49. Quick-Serve Restaurants: Subway (93%)
50. Retail Store (Apparel): Victoria's Secret (81%)
51. Retail Store (Department): Macy's (80%)
52. Retail Store (Discount): Walmart (93%)
53. Retail Store (Home Improvement): Home Depot (87%)
54. Retail Store (Price Clubs): Sam's Club (94%)
55. Retail Store (Sporting/Recreational Goods): Dick's (83%)
56. Search Engine: Google (85%)
57. Smartphones: Apple (81%)
58. Social Networking Sites: Facebook / Twitter (77%)
59. Soft Drinks (Diet): Diet Coke (89%)
60. Soft Drink (Regular): Coke (88%)
61. Tablets: Amazon/ Apple (90%)
62. Toothpaste: Colgate (94%)
63. Vodka: Grey Goose (90%)
64. Wireless Phone Service: AT&T (80%)

The complete listing of the 64 category rankings can be found at:
brandkeys.com/syndicated-studies/customer-loyalty-engagement-index.

Top-10 Highest Expectation Categories

Assessments from our 2014 Customer Loyalty Engagement Index, currently measuring 64 categories and 555 brands, found that overall consumer expectations increased by 30%, while individual brands have only grown by 6%. “Even without a statistical app, it’s clear that the gap between what consumers expect and what brands deliver is pretty big,” said Passikoff. “This gap identifies real opportunities for brands that recognize them and from a consumer perspective, believably respond to them.”

Categories that are more emotionally-driven are likely to have higher expectations that grow faster. More rational categories have lower expectations and move more slowly, “the penalty for process re-engineering and the delivery of same-as-same-as products and services, viewed as identical except for the name on the package or the website,” noted Passikoff.

This year’s CLEI survey identified the following 12 categories as having the highest overall consumer expectations and, following in parentheses, the category driver(s) where consumers have the highest expectations:

1. Instant Messaging Apps (Comprehensive, Sophisticated, Most Up-To-Date Features)
2. Social Networking Sites (Multi-Functional Connectivity)
3. Smartphones (Apps / Camera / AV / Multimedia Technology) and Tablets (Brand Value & Support)
4. Natural Food Stores (Wide Range of Healthy, Sustainable Organic Foods)
5. Online Video Streaming
6. Wireless Phone & Data Services (Wide Range of Original and Current Entertainment + Extensive Library)
7. Mutual Funds (Fund Success)
8. Luxury Hotels (Brand Reputation & 5-star Ratings) and Luxury Cosmetics (Makes Me Feel Good and Look Good)
9. Online Retailers (Trust and Security)
10. Retail Apparel Stores (Brand Buzz)

“Expectations change, most of the time they grow, and almost never shrink,” said Passikoff. “But the rate of growth varies category-to-category. So expectations about technology grow faster than breakfast cereal. What marketers need is the answer to the question, how high is ‘up’ when it comes to expectations in my category?”

Being attentive to the engagement expectation gap presents brands with a real opportunity. “If you can do something that increases a brand’s engagement level you’ll always see more positive consumer behavior in the marketplace. Always,” noted Passikoff. “And brands that are assessed as better meeting expectations held for the Ideal always have larger market shares and are always more profitable than the competition. Always.”

“Brand Keys loyalty-engagement metrics use a well-documented and validated approach, a metric brands should consider adding to their marketing toolboxes because having consumers overtly ‘Rate the Ideal’ via importance scales may make for an unobjectionable cable reality TV concept, but it also makes for a highly inaccurate brand engagement yardstick in today’s marketplace.”

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