B $_k$ R $_e$ A $_y$ N $_s$ D

BRAND KEYS 2015 CUSTOMER LOYALTY INDEX
FINDS GAP GROWING BETWEEN WHAT CUSTOMERS WANT
AND WHAT BRANDS DELIVER

EMOTIONAL VALUES BETTER SATISFY HIGHER EXPECTATIONS

NFL, Uber, Apple, Beats, Chipotle, Netflix, J. Crew Claim Category Leadership

NEW YORK, NY FEBRUARY 17, 2015– AT&T, Avis, Discover, Domino's, Dunkin', Ford, Google, Hyundai, Konica Minolta, and the NFL all maintained their #1 category positions in a challenging environment where consumer expectations have increased nearly 28% over 2014, according to Brand Keys 2015 Customer Loyalty Engagement Index® (CLEI), conducted by the New York-based brand engagement and customer loyalty research consultancy, Brand Keys (brandkeys.com).

Brands that were rated #1 in their categories for the first time include: Air Canada, Facebook, Kellogg's Nutri-Grain, Chipotle, Exxon Mobile, Nationwide, and Travelocity. Ratings are based on a brand's ability to meet customers' expectations better than the competition.

"In a marketplace where brands struggle to create meaningful differentiation and engagement, those better able to identify customers' expectations and address them *via* authentic emotional values will see tangible bottom-line results," said Robert Passikoff, president of Brand Keys (brandkeys.com), a New York-based brand engagement and customer loyalty research consultancy.

"While marketers have only recently acknowledged the importance of consumers expectations, it's something Brand Keys has tracked for 20 years. Empowered and socially-networked consumers have come to expect everything from brands, particularly as regards emotional gratification and engagement," said Passikoff. "That's created an environment marked by extraordinarily high levels of emotional expectations."

Meanwhile brands have only managed to improve their ability to satisfy consumers' expectations by 7% this year. "Brands able to meet consumers' emotional expectations always have higher engagement power, more loyal customers and, axiomatically, greater sales and profits," added Passikoff. "The difficult part is accurately measuring this gap and determining what emotional values can help a brand successfully fill it."

Two New Categories, 36 New Brands

Two new categories – App-based Ridesharing and Breakfast Bars – were added to the 2015 CLEI survey. "We've seen high consumer interest and strong brand growth in these categories, " said Passikoff, "and included them to replace two older categories whose players had lost any sense of differentiation and had become interchangeable (Breakfast Cereals and Diapers)."

Thirty-six (36) new brands appear in the 2015 CLEI. "That number is a real indicator of volatility for brands that can't emotionally engage consumers," noted Passikoff. "The CLEI brand list isn't pre-determined. Consumers tell *us* which brands they actually use and brands must be mentioned enough times to provide a statistically generalizable sample. A significant number of new brand mentions tells us that consumers are looking for brands that will better meet their expectations on the emotional side of the purchase equation."

The 36 new brands brought this year's 2015 CLEI assessment total to 64 categories, 540 brands. New brands included: Microsoft Surface, Under Armour, Denny's, Skull Candy, Atkin's, Google Flights, Ch@t, Reddit, Pinnacle vodka, Nature's Valley, Kashi, Anthropologie, Forever 21, WestJet, Lyft, and Footlocker, plus seven new hotel brands.

Listed below are the brands with highest levels of consumer engagement *vis à vis* their ability to meet expectations in their respective categories.

1. Airlines: Air Canada
2. Allergy Medications (OTC): Claritin
3. App-based Rideshare: Uber
4. Athletic Footwear: Nike
5. Automotive: Ford / Hyundai
6. Banks: Chase
7. Beer (Light): Sam Adams Light
8. Beer (Reg.): Sam Adams
9. Breakfast Bars: Kellogg's Nutri-Grain
10. Car Rental: Avis
11. Casual/Fast Casual Dining: Chipotle
12. Coffee (Out-of-Home): Dunkin' / Starbucks
13. Coffee (Packaged): Dunkin'
14. Computers (Laptops): Apple
15. Cosmetics (Luxury): Lancôme
16. Cosmetics (Mass): L'Oreal / Mary Kay
17. Credit Cards: American Express / Discover
18. E-readers: Kindle
19. Evening News: NBC
20. Flat Screen TV: Samsung
21. Gasoline: Exxon Mobile
22. Headphones: Beats by Dr. Dre
23. Hotel (Economy) Wyndham Microtel
24. Hotel (Midscale): Best Western
25. Hotel (Upscale): Hyatt
26. Hotel (Luxury): Fairmont
27. Instant Messaging Apps: WhatsApp
28. Insurance (Car): USAA
29. Insurance (Home): Nationwide

30. Insurance (Life): Allstate
31. Major League Sports: NFL
32. Major League Video Gaming: Call of Duty
33. MFP Office Copier: Konica Minolta
34. Morning News: Good Morning America (ABC)
35. Mutual Funds: American Funds
36. Natural Food Stores: Whole Foods
37. Online Brokerage: Scottrade.com
38. Online Music: Pandora
39. Online Payment Services: PayPal
40. Online Retailers: Amazon
41. Online Travel Site: Travelocity
42. Online Video Streaming: Netflix
43. Pain Relievers (OTC): Aleve
44. Parcel Delivery: FedEx
45. Pet Food (Cats): Purina
46. Pet Food (Dogs): Science Diet
47. Pizza: Domino's
48. Price Clubs: Costco
49. Printers: Canon
50. Quick-Serve Restaurants: Subway
51. Retail (Apparel): J. Crew
52. Retail (Dept. Store): Marshall's / TJ Maxx
53. Retail (Discount): Walmart
54. Retail (Home Improvement): Home Depot
55. Retail (Sporting Goods): Dick's
56. Search Engine: Google
57. Smartphone: Apple
58. Social Networking Sites: Facebook
59. Soft Drinks (Diet): Diet Coke
60. Soft Drinks (Reg.): Coke
61. Tablets: Apple
62. Toothpaste: Crest
63. Vodka: Grey Goose
64. Wireless Phone Service: AT&T

A complete listing of the 64 categories can be found at:
http://brandkeys.com/portfolio/customer-loyalty-engagement-index

Emotions Driving Highest Expectation Categories

Assessments from this year's Customer Loyalty Engagement Index found that the gap between what consumers expect and what brands deliver is driven almost entirely by emotional values. More emotionally driven categories have higher expectations that escalate faster. More rational categories have lower expectations and are more stable. "Marketers acknowledge consumer expectations is a new area they need to address to guarantee engagement and profitability, shifting from a 'try to do it better' approach to one of 'engage the consumer differently.' Unfortunately, without predictive emotional engagement metrics, many brands try to 'shoehorn' values that they've seen work in

categories entirely different from their own. If they do that, they shouldn't be surprised when they don't work."

Highest Consumer Expectations

The 2015 CLEI survey identified the following categories as having some of the highest overall consumer expectations. Specific emotional values that can help brands better meet customers' expectations appear in parentheses.

1. App-based Rideshare (My needs come first)
2. Athletic Footwear (Personal innovation and performance optimization)
3. Luxury Cosmetics (Nurturing/Optimizing my appearance)
4. Headphones (My very personal experience)
5. Luxury Hotels (Service I deserve)
6. Instant Messaging Apps (The ability to matter)
7. Smartphones (I can do anything from this phone)

"Consumer expectations always grow so being attentive to the engagement expectation gap in one's category presents a brand a real opportunity. If a marketer does something that increases a brand's engagement level they 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 greater market share and are always more profitable than the competition. Always. All marketers need is an accurate answer to these questions, 'what do my customers expect, and what values will fulfill those expectations?'"

Methodology

For the 2015 survey, 36,605 consumers, 18 to 65 years of age from the nine US Census Regions, self-selected the categories in which they are <u>consumers</u>, and the brands for which they are <u>customers</u>. Seventy (70%) percent were interviewed by phone, twenty-five (25%) percent via face-to-face interviews (to identify and include cell phone-only households), and 5% online. This year certain categories included Canadian consumer assessments.

Brand Keys uses an independently validated research approach that fuses emotional and rational aspects of the categories, identifies the four behavioral drivers for the category-specific 'Ideal,' and identifies the values that form the components of each driver. The Ideal describes the precise path-to-purchase drivers, describing how the consumer will *view* the category, *compare* brands and how they will *engage with the brand, buy, and remain loyal*. The four drivers, for example, for the Smartphone category have been identified as 1) *Brand Reputation & Design*, 2) *A Platform For All My Needs,* 3) *Features & Personal Connectivity,* and 4) *Brand Value & Customer Support*. Drivers are category-specific since Consumers *don't* buy Smartphones in the same way they buy Cosmetics or Pizza.

The assessments measure how well brands meet expectations that consumers hold for each driver that makes up the Ideal for a specific category. The research technique is a combination of psychological inquiry and statistical analyses, has a test/re-test reliability of 0.93, and results generalizable at the 95% confidence level. It has been successfully used in B2B and B2C categories in 35 countries.

Contact: Visibility
Len Stein
lens@visibilitypr.com
914.527.3708