

BRAND KEYS 2016 CUSTOMER LOYALTY INDEX IDENTIFIES MAJOR CHANGES IN BRAND ENGAGEMENT

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EMOTIONAL ENGAGEMENT VALUES SHIFT in 88% of CATEGORIES

Apple, Nike, Domino's, Netflix, AT&T and Facebook Hold Engagement Leadership

Emotional engagement, a leading-indicator of consumer behavior, sales, and corporate profitability, is now more difficult for brands to achieve as the key drivers of brand engagement have shifted dramatically toward emotional values in the majority of the 72 categories surveyed in Brand Keys' 2016 Customer Loyalty Engagement Index® (CLEI). This is the 21st annual survey conducted by [Brand Keys](#), the New York-based brand engagement and customer loyalty research consultancy.

"The consumer engagement process today is more dependent on emotional benefits and value of products than ever," said Robert Passikoff, president of Brand Keys. As rational attributes

become price-of-entry 'givens' for today's consumers, emotional values have become more problematic for brands. "The difficult part is not brand outreach or messaging, but how to accurately determine *which* emotional values a brand should leverage to emotionally engage consumers since they describe *how* consumers *view* the category, *compare* brands and *how will engage with a brand, buy, remain loyal and profitable*. Imagery items and emotional engagement values are *not* one and the same. "

Top 10 Most-Emotionally Driven Categories and the Brands That Best Meet the Ide

Of the 72 categories included in Brand Keys' 2016 assessments, the 10 with the highest expectations for emotional category values (in parentheses) – and the brands consumers assessed as best meeting those values – included:

1. Athletic Footwear: New Balance/Nike (*Personal Innovation*)
2. Automotive: Hyundai/Ford (*My Life Is Always Connected*)
3. Breakfast Bars: Kind/Kellogg's Nutri-Grain (*My Tasty Lifestyle*)
4. Fast Casual Restaurants: Panera/Shake Shack (*Customization & Well-Being*)
5. Instant Messages: WhatsApp (*Making My Impact*)
6. Online Retailers: Amazon (*Immediate Gratification*)
7. Online Video: Netflix (*Always Amused, Never Bored*)
8. Smartphones: Apple (*I Can Do Anything!*)
9. Social Networking: Facebook (*Personal Connectivity & Influence*)
10. Whiskey: Jack Daniels (*My Brand Is Me*)

A complete listing of the 72 categories and the brands which best emotionally engage consumers can be found at:

<http://brandkeys.com/portfolio/customer-loyalty-engagement-index>

First-time Engagement and Loyalty Winners

Brands rated #1 in their respective categories for the first time included: Lyft, Panera and Shake Shack, Dropbox, ChapStick, Svedka, Kind Breakfast Bars, Omni Hotels, REI, and Haagen-Daas. "As these assessments are based on a brand's ability to meet customers' expectations better than key values that drive customer engagement," said Passikoff, "We're not surprised to see the brands that do, are category leaders and usually more profitable than the competition."

“If a marketer can increase a brand’s engagement level – particularly the emotional values – they’ll *always* see positive consumer behavior in the marketplace. Always,” noted Passikoff. “Axiomatically, brands that can do that always earn greater market share and are always more profitable than the competition. To succeed, marketers need to accurately answer these questions, ‘what drives my category, what are the emotional engagement values I need to focus on, how can my brand exceed consumer expectations for those emotional values?’ To their detriment, most brands can’t.”

Six New Categories, Two Returning Categories, 83 New Brands

The addition of six new categories – Deodorants, File Hosting, Ice Cream, Lip Balm, Ticketing Services, Whiskey, and the return of Bottled Water and Tequila, as well as brand-expansion in several categories, added 83 new brands to the 2016 CLEI survey.

“We’ve seen high consumer interest and strong brand growth in the new categories,” said Passikoff, “And, the increased number of brands appearing in consumers’ consideration sets of new brands alone in the Fast Casual and Quick Serve categories, for example, confirms the category volatility brands that aren’t emotionally engaging consumers face.”

The CLEI brand lists aren’t pre-determined. Consumers tell Brand Keys researchers which brands they actually use; brands must be mentioned enough times to provide a statistically generalizable sample. When consumers mention *new* brands at a significant level, it’s an indicator that current options do not meet their needs. And when that happens, consumers turn to other brands to do that for them. On the emotional and rational sides of the purchase equation, today it’s the emotional side of that equation brands need to concentrate on,” noted Passikoff. “Today the rational stuff is easy. Profitability has become far more difficult.”

Methodology

For the 2016 survey, 42,792 consumers, 18 to 65 years of age from the nine US Census Regions self-selected the categories in which they are consumers, and the brands for which they are top-20% customers. Seventy (70%) percent were interviewed by phone, 25% percent via face-to-face interviews (to identify and include cellphone-only households), and 5% online.

Brand Keys uses an independently validated research approach that fuses emotional and rational aspects of the categories. The research technique is a combination of psychological inquiry and

statistical analyses, has a test/re-test reliability of 0.93, and provides results generalizable at a 95% confidence level. It has been successfully used in B2B and B2C categories in 35 countries.

The output identifies the four behavioral drivers for the category-specific 'Ideal,' and identifies the emotional and rational values (and their percent-contribution to engagement) that form components of each driver. Drivers – and their component values – are category-specific since consumers *don't* buy smartphones the same way they buy cosmetics or pizza. The engagement and loyalty assessments measure how well brands meet expectations that consumers hold for each driver that makes up the category-specific Ideal.

For more information about these validated and predictive assessments you can watch an animated video of the methodology on our YouTube channel: <https://www.youtube.com/user/key2loyalty>