

Expectations Increasingly Challenge Brands To Deliver

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So very few people expect anything from soda anymore that its category came in last in growth (9%) in Brand Keys' annual Consumer Loyalty Engagement Index (CLEI).

Expectations for non-alcoholic beverages were dwarfed by the top five sectors: online social networking and entertainment, up 35%; technology, up 32%; B2B services and equipment, up 30%; cosmetics, up 28%, and personal products and CPG, up 26%.

Such soaring customer expectations are creating an increasingly challenging environment for products and services.

The 2017 Brand Keys CLEI examined 83 categories and 740 brands — from automotive and OTC allergy medications to computers, fast-casual dining, retail, smartphones, and alcoholic beverages. Brand engagement leadership shifted dramatically in 49 of the 83 categories or 58%. On a cross-category basis, expectations have increased 23% over 2016 while brands have improved by only 4%, leaving a huge gap between what consumers want and what brands are seen able to deliver.

About the low expectations of soda, Brand Keys president Robert Passikoff tells *Marketing Daily*, “The offerings out there are all the same, totally undifferentiated. I mean, I guess there’s cola and there’s lemon-lime but come on. Other values have been created and people look to other categories to fill their needs — values like an energy boost and, then, energy drinks have grown so popular. And the desire for unadulterated things has forced people to turn to bottled water even if it’s tap water.

“When there is growth in other areas, you can’t just say, ‘Oh, well, consumers just stopped drinking this stuff.’ No, they stopped drinking *your* stuff.”

In other areas, “we saw some perennial engagement experts rise to the tops of their categories again,” says Passikoff. This year the best of the engagement best included Avis, JetBlue, Hyundai and Ford, Dunkin’ and Starbucks, Apple, Discover and American Express, GEICO, Konica-Minolta, Amazon, Domino’s, Facebook, Google, Chanel and AT&T.

“Categories where brands have anticipated expectations are always the brands that seem to do real well,” he notes. “In athletic gear, there’s Nike leading the way. You can see it in their profitability.”

Contrarily, “why is Apple not doing as well as it used to? It used to be the best in design, it was the leading edge. Now you can find five other smartphone brands that have better cameras on them.”

Brands showing up on the CLEI list for the first time as engagement champions include: Allegra, JPMorgan Chase, Coors, Five Guys Burgers & Fries, L’Oréal and Kiehl’s, Sabercat, Magnum Ice Cream, Hyatt, State Farm, Major League Baseball, Trader Joe’s, Zara, Nordstrom, Johnnie Walker and Fidelity.com.

For 2017, Brand Keys added 11 categories, including energy drinks, snack brands, toys, yogurt, and AM/PM cable news. First-time engagement winners include Red Bull, Doritos, Fritos, Planters, Fox News, Lego, Chobani and Yoplait.

“The whole point of brand engagement is, if you’re not providing what I want, there are so many options to go for. There’s a progression in all of this. For example, everyone, particularly the millennial generation, has taken to the film *La La Land*. Older viewers might see it and say, ‘So, it’s a musical.’ You can track the value progression from

vaudeville to silent films to talkies to CinemaScope to CGI. It's all about expectation.”

For the 2017 CLEI survey, 49,168 consumers, 16 to 65 years of age from the nine U.S. Census regions, self-selected the categories in which they are *consumers* and the brands for which they are *customers*. Seventy percent were interviewed by phone, 25% via face-to-face interviews (to identify and include cell phone-only households), and 5% online.

A complete list of the CLEI's 83 categories can be found at <http://brandkeys.com/portfolio/customer-loyalty-engagement-index>.