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## **The 2014 Brand Keys Loyalty Leaders List**

### **Mobile, Digital, and Social Brands Continue Loyalty Supremacy, Making Up 36% of This Year's List Represented By New Brands and Categories**

NEW YORK, NY October 13, 2014 – Apple, Amazon, WhatsApp, Google, YouTube, and Kindle head the 2014 Brand Keys Loyalty Leaders List, the annual survey conducted by Brand Keys ([brandkeys.com](http://brandkeys.com)), the New York-based brand and customer loyalty and engagement research consultancy.

“This is our 18<sup>th</sup> year aggregating the brand loyalty leaders, and the seismic shifts in loyalty leadership in terms of new categories and brands making their appearance in the consumer’s top-100 continues,” said Robert Passikoff, Brand Keys founder and president. “Brand loyalty has always been driven by emotional engagement, and the rankings on this year’s list should make it abundantly clear to marketers that connection, meaning, and differentiation is everything.”

With 721 brands in 65 categories for consumers to rate, there’s a lot of competition for the top 100 spots. “This year certain categories rose to the top because of the high levels of engagement that consumers show for them, and their ability to deliver against consumers’ increased expectations.

#### **Thirty-Six New Brands or Categories Make the 2014 List**

“Thirty-six of the top-100 Loyalty Leaders for 2014 are represented by new brands or categories,” noted Passikoff. “Most new arrivals facilitate communication and social outreach: tablets, smartphones, and social networks,” with WhatsApp (instant messaging), Netflix, and Amazon (video streaming), Instagram, and PayPal (online payments) now representing that trend.

“Other, new non-digital/social categories have made their way on to this year’s list too, including Fast-Casual Restaurants (Chipotle, Panera, Chick-fil-A), Insurance (USAA), Credit Cards (Discover, American Express), and Beer (Sam Adams),” said Passikoff.

Dunkin’ Donuts was the only non-digital/social brand in the top-20, up 7 spots since last year, “but not so surprising, when you realize that their customers have rated them #1 in the out-of-home coffee category for years now,” noted Passikoff.

This year, the top-20 on the Brand Keys Loyalty Leaders rank as follows:

1. Amazon: tablets

2. Apple: tablets
3. Apple: smartphone
4. YouTube: social networking
5. WhatsApp: instant messaging
6. Amazon: online retail
7. Google; search engines
8. Kindle: e-readers
9. Samsung: smartphones
10. Dunkin' Donuts: coffee (out-of-home)
11. Facebook: social networking
12. Netflix: video streaming
13. Beats by Dr. Dre: headphones
14. Call of Duty: Ghosts: major league gaming
15. Amazon: online retail
16. Zappos: online retail
17. Apple: computers
18. Instagram: social networking
19. PayPal: online payments
20. Twitter: social networking

### **Outreach Is Digital, Social, and Smartphone**

Forty-five percent (45%) of the top-100 brands account for consumer outreach and engagement via cellular and social networks, and the phones, smartphones, computers, and tablets needed “to meet the ever-increasing expectations related to outreach and personal connectivity that the consumer uses as a yardstick to measure brands,” said Passikoff.

### **Personal Care Brands Get Trimmed. Again**

Last year beauty and personal care brands accounted for nearly a fifth of the top-100 but this year represent only 13% of the top-100 brands. “The emotional engagement that women share with their favorite beauty brands can be very powerful, but again, consumers are looking harder for a reason to believe and a reason to engage with – and buy – one brand versus myriad ‘me-too’ products,” said Passikoff. “Want proof? Take a look and see how many spots beauty brands like Estee Lauder (+31), MAC (+28), and Cover Girl (+25) have moved up the consumers’ list.

### **Retailers Ring Up Fewer Ratings**

Traditional retail brands were down 50%. “We believe that the inability for many retailers to provide meaningful differentiation – beyond low-lower-lowest pricing strategies – has seriously eroded loyalty levels in the retail category,” said Passikoff. “That and a shift to online.” The five retail brands that remain among this year’s Loyalty Leaders include J. Crew (#50), The Gap (#80), Macy’s (#88), Victoria’s Secret (#75) and T.J. Maxx (#92).

### **Drinking and Driving**

Six (6) automotive brands made the top-100 on the 2014 Loyalty Leaders List, including: Hyundai (#23), Ford (#26), Toyota (#48), Jeep (#70), Nissan (#94), and KIA (#99). Ford and Toyota moved up the list +12 spots each, Jeep +11, and Nissan appears on the list for the first time

Only four vodka brands made the list, down from last year's six. Grey Goose maintained its loyalty lead in the #25 spot (-13) followed by Ketel One (#29, -10), Tito's (#56 and new to the list) and Smirnoff (#66, +6). The Tequila category was not included in this year's loyalty assessments.

### **2014 Loyalty Leaders Winners**

The brands that showed the greatest loyalty gains this year were:

Netflix (+79)  
Estee Lauder (+31)  
MAC Cosmetics (+28)  
HTC smartphones (+26)  
Cover Girl (+25)

### **The Biggest Losers**

"With minor exceptions, it turns out that the biggest Loyalty Leader losers were primarily categories and secondarily brands," noted Passikoff. "Certain categories just disappeared."

These included Breakfast Cereal, which used to represent 8% of the list. "This shouldn't surprise anyone," said Passikoff. "The category has seen dramatic shifts over the past few years in how and what is consumed for breakfast, and how much loyalty can you expect when 'differentiation' is defined as which flavor marshmallow is in this particular box."

"E-books, which represented 5% of last year's list got edited down from last year. Other than Kindle, no other brand actually got mentioned," noted Passikoff. "It appears as if the other e-book brands were replaced by tablets."

Major brands that had been perennial Loyalty Leaders, but are missing from this year's list, include:

Pepsi and Coke ("Yes, the category has shifted, but they're both cold and refreshing, come in a bottle or a can, have ubiquitous brand awareness and distribution, and are each on sale alternate weeks. What is there to be loyal about?" asked Passikoff).

ABC News, CBS News, NBC News, Today Show "didn't report for this year's list," said Passikoff. "Some of this is accounted for by the ascendancy of mobile. Today a tablet screen and a TV screen are regarded as two entirely different platforms engendering different loyalty and engagement levels for different programming. Certainly they're watched, but they're not considered first-source."

"You can search all you want," said Passikoff, "but you won't find Bing or Yahoo on this year's list either. When it comes to search engines, Google (#7) is the only one that appears."

"Not surprisingly General Motors didn't make the list this year. Where loyalty exists, consumers are six times more likely to give a brand the benefit of the doubt in uncertain circumstances," said Passikoff, "But the well of forgiveness isn't bottomless, especially in the face of seventy-five GM recalls (more than 30 million vehicles) this year alone. Loyalty is about the strongest bond you can create between customer and brand, but even loyalty has its limits."

McDonald's, which up till this year has appeared on the Loyalty Leaders List since its 1996 inception, dropped off the top-100 list too.

In another study conducted this year by Brand Keys, Millennials, a critical audience for fast food chains, reported a 20% decrease in visits to them, with 42% reporting increased visits to fast-casual restaurants, a category whose brands *have* shown up for the first time on this year's list.

When asked to characterize traditional fast food brands, including McDonalds, 53% of this group called it "dollar food," the result of a habituated fast food brand reliance on the 'Dollar Menu' to boost sales. "The thing is," noted Passikoff, "you can't build loyalty on the basis of price and the absence of McDonald's on this year's Loyalty Leaders List proves just that. In the absence of brand meaning, a new wrap or new app isn't going to change things for them."

Other brands *not* appearing on the Loyalty Leaders List this year included Ben & Jerry's, Canon (point-and-shoot cameras), H&M, Haagen-Daz, Skechers, Skype, Southwest Airlines, Walgreens, and Walmart.

Brands that did appear on the 2014 list that showed the greatest *loyalty and engagement erosion* included:

Max Factor (-20)  
Clinique (-16)  
Grey Goose (-13)  
Revlon (-13)  
Apple Computers (-11)  
Costco (-11)  
Sam's Club (-11)

"Some of the shifts are certainly due to the creation and adoption of new categories and brands that help to better meet – or even exceed – customer expectations," said Passikoff.

"But brands that understand that real emotional connections can serve as a surrogate for added-value will always end up on the list. And the brands that have made loyalty and emotional engagement one of their real strategic priorities and KPIs will always show up at the top of a consumer's list."

## **Methodology**

The Loyalty Leaders analysis was conducted in September 2014 and includes assessments from 43,238 consumers, 18 to 65 years of age, drawn from the 9 US Census Regions, self-selected the categories in which they are consumers, and the brands for which they are customers. Seventy-five percent (75%) were interviewed by phone, 20% via face-to-face interviews (to account for today's of the population who are cell phone-only consumers,) and the remaining consumers assessed categories and brands online. Loyalty Leader assessments examine 65 categories and 721 brands.

Unlike economic use models, which rely heavily on historical data and profitability conjecture, the Brand Keys Loyalty Model and rankings are 100% consumer-driven, and are predictive, leading-indicators of brand and corporate profitability. "The good news is that brand loyalty is understandable. The better news is, it can be quantified and predicted," said Passikoff. "And, today, knowing what's coming down the road gives a brand an extraordinarily powerful advantage."

For the complete top-100 2014 Loyalty Leaders List, please visit:

<http://info.brandkeys.com/acton/attachment/943/f-0056/0/-/-/-/file.pdf>

For more information regarding the Brand Keys 2104 Loyalty Leaders List, your brand's position on the list, or general information about integrating predictive loyalty and engagement metrics into your marketing efforts, contact: Leigh Benatar at [leighb@brandkeys.com](mailto:leighb@brandkeys.com) or 212-532-6028.