2019 FINDINGS OF BRAND KEYS CUSTOMER LOYALTY ENGAGEMENT INDEX:
VERIFIED TRUST = BRAND SUCCESS

CONSUMER EXPECTATIONS FOR BRAND "TRUST" JUMPS 250% Y-O-Y

87% OF SECTORS SEE VALUE SHIFTS IN HOW CONSUMERS ASSESS BRANDS

Growing Distrust of Trading Products / Services for Personal Data Spreads

Brands Consumers Believe Possess Verified "Trust" Includes Avis, Nike, AT&T, PayPal, Hyundai, Dropbox, Domino's, Lyft, Konica-Minolta, and Discover

NEW YORK, NY JANUARY 22, 2019 – Growing concerns regarding privacy and data security have reached a tipping point, driven by an astonishing increase in consumers' *expectations* for trust and transparency in the brands they purchase, according to the 24th annual Brand Keys Customer Loyalty Engagement Index® (CLEI), conducted by the New York-based brand engagement and customer loyalty research consultancy (brandkeys.com).

Biggest Shift In Expectations For Trust. . . Ever!
"Trust – an engagement factor in every product / service category – has become the indispensable connective tissue between brands and customer loyalty," said Robert Passikoff, president of Brand Keys. "Consumer expectations for that single value have increased across every category and brand we track, on average by 250+% since 2018. Consumer expectations increase each year - normally in the 2% to 25% range. This is an unprecedented spike."

Where "Trust" Matters Most
Individual attributes, benefits, and brand values make specific contributions to consumer brand engagement and loyalty. In 2019, the dozen sectors that showed the largest increases in consumers' expectations for the value of "trust," increasing 100% or more, were:

1. Social Networking (300%)
2. Online Retail (272%)
3. Department Stores (220%)
4. AM & PM News (Broadcast & Cable) (205%)
5. Instant Messaging (180%)
6. Credit Cards (160%)
7. Insurance (125%)

8. Investment Services (120%)
9. Fast Food Restaurants (118%)
10. Online Payments (117%)
11. Ride Share (123%)
12. Smartphones (105%)

This year the Brand Keys CLEI examined 90 categories and 822 individual brands – from Automotive and Ride Share to Computers and Fast Food. Brand Keys examined Tax Prep and Financial categories, and all Retail (online and brick-and-mortar). Social Networking, Search Engines and Instant Messaging, Cable and Broadcast News, Smartphones, Cosmetics, and Credit Cards. All showed significant increases in consumer expectations for the value of "trust," some brands significantly more than others.

Consumers Still Shop, But They're *Not* Stupid!
"It isn't just Facebook's, Google's, Twitter's and other social networks' failures to address privacy, security, and transparency that are responsible, although making significant contributions to the paradigm shift. Charges of hacking – foreign and domestic – and misuse of data have raised consumers' emotional hackles," noted Passikoff.

"Data breeches in the past year alone – along with failure to disclose – by brands like Macy's, Saks, Adidas, Panera, Delta, Under Armour, and Orbitz, have significantly increased the gap between what consumers expect and what brands deliver. There's a new brand 'yardstick' for every category," said Passikoff. "Consumers may still shop, but they're increasingly wary."

Categories That Dodged "Trust" Expectations Bullets
"Ten categories dodged the 'trust-bullet' this year," noted Passikoff. "Trust hasn't disappeared from the engagement and path-to-purchase process, and expectations *always increase* Y-O-Y, they just haven't escalated in their contribution to loyalty the way it has in the remaining 80 categories." Those ten categories – and attendant increases – include:

1. Out-of-Home Coffee (8%)
2. Pizza (7%)
3. Non-Alcoholic Beverages (7%)
4. Toys (6%)
5. Snack Foods (5%)
6. Gasoline (3%)
7. Economy Hotels (3%)
8. Lip Balm (2%)
9. Parcel Delivery (2%)
10. Printers (2%)

"Trust" = Engagement = Loyalty = Brand Profitability
'Brand engagement' is best defined by how well a brand meets consumers' expectations for values that drive purchase behavior," noted Passikoff. "Consumers have an Ideal image for every product and service; it's how they measure brands. In recent years a more emotionally-based process has created a more value-infused, complicated path-to-purchase as it regards 'trust.' If marketers think they know consumers' trust levels for their brands, this year they need to take another look preferably using methods more precise than traditional brand tracking."

A complete list of the CLEI's 90 categories can be found:
http://brandkeys.com/portfolio/customer-loyalty-engagement-index

Consumers Verify First, Then Trust
Decision-making *has* become more emotionally-driven over the past decade," said Passikoff. "But the addition of increased desire for trust and transparency have changed category

landscapes. 'Business as usual,' 'Research as usual,' won't cut it in today's brandscape. Based on the 2019 findings of the Brand Keys Customer Loyalty Engagement Index, consumers' behavioral maxim is 'verify first, *then* trust.'"

The result? Massive changes in what consumers want and equally massive gaps between what they want and what brands are delivering. "Real engagement metrics keep brands on the path to profitability," noted Passikoff. "Building brand trust isn't a matter of technique or more social networking, but the development of actual, believable brand character and values."

Methodology

For the 2019 CLEI survey, 51,673 consumers, 16 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 customers. Forty-five (45%) percent were interviewed by phone, forty-five (45%) percent via face-to-face interviews (cell phone-only households), and 10% were interviewed online.

Brand Keys uses an independently-validated research methodology that fuses emotional and rational aspects of the categories, identifies four path-to-purchase behavioral drivers for the category-specific Ideal, and identifies the values (including "trust" as it is characterized in a particular category) that form the components of *each* driver, along with their percent-contribution to engagement, loyalty, and profitability.

These assessments are leading-indicators of consumer behavior, identifying such activities 12 to 18 months *before* they appear in traditional brand tracking or in focus groups. Brand Keys' research technique, a combination of psychological inquiry and statistical analyses, has a test/re-test reliability of 0.93, and produces results generalizable at the 95% confidence level. It has been successfully used in B2B and B2C categories in 35 countries.

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