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LOYALTY SIZES UP PROFITS FOR APPAREL RETAILERS

Brooks Brothers Newest Brand To File For Chapter 11

Nike, Ralph Lauren, Zara Lead Loyalty Parade

NEW YORK, NY July 13, 2020 – Classic pin stripes and traditional gray flannel were not enough when it came to fashioning profits during the recent coronavirus pandemic as Brooks Brothers was the most recent high-profile brand to join the list of retailers seeking bankruptcy relief.

“One can’t ignore the effects of the COVID-19 crisis,” noted Robert Passikoff, Founder and President of Brand Keys (www.brandkeys.com), the New York-based brand loyalty and customer engagement consultancy. “The combination of store closures, customers working from home, and a trend towards more casual dress required for Zoom calls were a condition only brands with high levels of loyalty could survive.”

Brand Likelihood To Survive COVID-19 Correlates With Loyalty. Six Times More!

“Loyalty guarantees customers will be six times more likely to support the brand during uncertain circumstances,” observed Passikoff. “You can’t get any more uncertain than the current marketplace. Brands could have anticipated reduced revenues.” Retailing *has* changed dramatically over the past decade, and there have been shifts to online, but loyalty has always been a leading-indicator of positive customer behavior toward a brand.” As of May 2020, the Brand Keys Retail Apparel Loyalty rankings were as follows:

1. Nike
2. Ralph Lauren
3. Zara
4. Calvin Klein
5. Lacoste
6. Levi Strauss
7. Patagonia
8. Burberry
9. Chanel
10. Old Navy
11. Uniqlo
12. Dior
13. Marc Jacobs
14. Brooks Brothers
15. Neiman Marcus

16. Lucky
17. Under Armour
18. J. Crew
19. True Religion
20. Victoria's Secret

"You don't have to be a fashionista to see the pattern between brand loyalty and bankruptcies," said Passikoff.

Loyalty and Profits Are The Perfect Fit

Brooks Brothers isn't alone in what appears to be an economic epidemic of filings. The brand joins a cavalcade of classic brands seeking bankruptcy relief including J. Crew, Neiman Marcus, John Varvatos, True Religion and Lucky.

"You can blame the pandemic, sheltering-in, on-line meetings, and sweatpants all you want," said Passikoff. "Ultimately whether the consumers support a brand and whether the brand can survive uncertain circumstances like the pandemic comes down to how much loyalty the brand engenders. Being iconic, classic, well-made, even archetypically American, won't do it under any circumstances unless you have truly loyal customers."

The Definition of Loyalty In The 21st Century

Business has become more casual as regards fashion over the past decade. "But aren't designers and apparel brands responsible for tracking those kinds of fashion trends," asked Passikoff. "Aren't they responsible for setting expectations for their category and then meeting them the best they can?" That's the precise definition of 'loyalty' in the 21st century; measure customer expectations, then meet or exceed them. The brands that do always survive."

"Pandemics are no match for loyalty," noted Passikoff.

Methodology

For the current expectations survey, 3,265 Men and Women, 16 to 65 years of age from the nine US Census Regions participated. Brand Keys uses an independently-validated research methodology that fuses emotional and rational aspects for the category-specific Ideal, and identifies expectations consumers hold for each. Brand Keys' research technique is a combination of psychological inquiry and higher-order 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, B2C, and D2C categories in 35 countries.

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