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Brand Keys: 'Value' Is New 'Price' In Customer Loyalty

Karl Greenberg, Mar 02, 2009 04:04 PM

Even as the floor is dropping out of the U.S. economy and restaurants are offering "recession deals," price isn't everything. New York-based marketing firm Brand Keys, in its 2009 Brand Keys Customer Loyalty Index, says successful brands are those that stand out because consumers think of them as valuable, and don't see the term as a synonym for "cheap."

The just-released index says, in fact, that consumer expectations regarding brand value went up 20% this year versus last. It surveyed consumers on 441 brands in 62 categories. That these scores are loyalty measures and not measures of awareness or satisfaction is emphasized by Tom's of Maine's top position on key drivers like Natural Ingredients & Added Value.

Also among the 69 brands that won the highest levels of loyalty and engagement assessments from 26,000 respondents were: Avis, JetBlue, Bank of America, Zyrtec, Sam Adams, Cheerios, Allstate, Dunkin' Donuts, Mary Kay, Kodak, W Hotels, Scottrade, Iams, McDonald's, Grey Goose, ABC TV, Nike, Apple, Wal-Mart, the NFL and Tom's of Maine.

Robert Passikoff, president and founder of the firm, says that because of the Web, the onus is on marketers to prove value and prove the deals are real.

"Brand difference and brand value have increased in terms of percent contribution they make to engagement loyalty and profitability," he says. "That means the consumer who has been handling that on their own for a while now expects, generally speaking, that their brands will provide that. I think what you are seeing is not only the effects of the economy--the economy may have been a catalyst--people are looking for best value for price."

He says that is particularly clear now because for a long time, as the economy was growing, brands put their heads in the sand. "Apple is the absolute classic example," he says. "With products like iPod, Apple creates added value and differentiation with aspects like design and ownership of higher technology. The issue is, how low does the price need to go in order for you to be able to leverage a consumer away from added value?"

He says that even a commodity like home heating oil is subject to the influence of value. "It's a commodity, but if the guy is offering you a low or no-cost service contract and is willing to come out to fix the heater--versus someone who will sell you heating oil for 50 cents less--price isn't the issue, it's value. And for each of the brands who are winners, you can find a point in time where they literally own some aspect of what drives the category: for JetBlue or Southwest, the issue isn't low price, it's in-flight service."