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Brand loyalty doesn't come cheap

Posted 04 March 2009 21:27pm by [John Gaffney](#) with [0 comments](#)

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The economy may be pushing prices lower, but when it comes to brand loyalty consumers still aspire to lofty expectations. That's the conclusion of the latest BrandKeys customer loyalty survey and it could portend a strategy change in internet marketing for brands that are trying to hold the high ground.

Brand value, according to BrandKeys CEO Robert Passikoff, means a lot more than brand pricing. The just-released index says that consumer expectations regarding brand value went up 20% this year versus last.

Passikoff believes that in the ninth year of his survey of more than 60,000 consumers, that the expectation of a brand means much more than a steep discount. Value has been more important than ever among the [62 categories](#) the survey covers.



Examples: In the insurance category, Allstate, which positions itself as the trusted rather than cheapest brand, was the winner. For beer, Sam Adams, the most expensive, beat Bud, the cheapest. For hospitality, W Hotels beat out brands that offer lodging for than 50 percent less. Price has been neutralized by expectations of value, trust, and brand differentiation.

For internet marketing this could signal a dramatic shift in strategy. Brands that have built their foundation on value pricing will need to continue that approach. After all, McDonald's still won the fast food category. But the economic trends that are pointing brands such as Neiman Marcus, Nordstrom's, and AT&T toward discounts could be reconsidered. Example: [AT&T's](#) current internet campaign emphasizes offers for free phones. Nordstrom's website is hawking 40 percent off designer accessories. If [Passikoff's](#) survey is applicable, maybe AT&T should focus on building trust and value, and leave the free phones to other brands. Maybe Nordstrom's should communicate selection and brands over pricing.

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