

It's easy to **save**

fahoo Buzz ▾

Save to My Journal 

THE WALL STREET JOURNAL

WSJ.com

SEPTEMBER 3, 2009, 11:46 AM ET

Is Brand Loyalty A Thing of the Past?

Nearly a year on, the financial crisis has changed the way companies and consumers view the brand names in their wallets.

But is this a temporary change, or will it stick?

Some consumers, including those who have had their [credit cards canceled](#), [limits lowered](#) or [mortgages left in standstill](#), all say the same thing: "I'm never doing business with company X ever again."

But some consultants and financial institutions say they aren't worried about consumer ire toward brands today. They say that consumers have short-term memories and are fickle. And when the economy turns around, people will drift back to brands that they once dismissed.

Robert Passikoff, founder of [Brand Keys](#), a research consulting firm, disagrees. He says that in the past it was easier for companies to win back consumers, but thanks to the Web, it's easier for more consumers to get more information about brands before they buy. "This is not going to be a forget-and-forgive society," he says.

For companies, it pays to have loyal customers. Loyal customers are more likely to give a brand the benefit of the doubt in tough times, buy stock in that company and recommend the brand to friends, Mr. Passikoff says. He notes that many of [Brand Keys highest-rated companies](#), which include JetBlue, FedEx and Tom's of Maine, also turn out to be leaders in overall profitability.

Gauging consumer sentiment toward brands can sometimes be confusing. Even though Journal readers are eager to discuss their [ire toward companies like American Express](#), AmEx ranked number one on [J.D. Power's 2009 Credit Card Satisfaction Study](#). Chase, [also an object of commenter hatred](#), ranked high (number five), in the same survey.

Many things influence why embrace or reject particular brands, says Aric Rindfleisch, a marketing professor with Wisconsin School of Business at the University of Wisconsin-Madison. Our relationships with brands can be deeply psychological and rooted in our personal experience with a company.

"Some of these brands were security providers for many Americans," Prof. Rindfleisch says. "We've lost some of the traditional forms of security, family, religion. Those brands are meaningful to a lot of people."

Companies, hoping to create brand loyalty, market accordingly. The insurance industry is one such example, Prof. Rindfleisch says. The ads can make us "think of the impending doom of our existence," he says, questioning whether or not a company can help us protect our families. If a brand goes through a crisis, like



restaurantfirsts.com

Dunkin' Donuts ranked #1 in a 2009 in Brand Keys Customer Loyalty Engagement Index

some of the credit-card issuers or insurance companies, it can spark a mini identity crisis for us, too, he says. The longer you've been a proud, card-carrying member of a rewards program, the more likely you are to be angered if [your rewards are scaled back](#).

Most consumers are not brand-monogomous. Households, and individuals, have multiple flavors of plastic in our wallets, boxes of cereal in our cupboards and shoes in our closets. Some of these connections are more deeply rooted than others. The brand of laundry detergent we use might not be as important to us as where we bank.

Historically, some brands have been able to recover from brand disasters. In spite of the infamous [New Coke debacle](#), lots of people still drink Coca-Cola around the world today. But winning back customers can take time and money.

"I think brands need to be far more careful about what they do," Mr. Passikoff says. "You can't just throw marketing dollars against the problem and expect it to go away."

Wallet readers: Has your attitude toward a particular brand changed dramatically in recent years? Would you ever go back to a company that you were unhappy with in the past?

Copyright 2008 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com