



PRESS RELEASE
FOR IMMEDIATE RELEASE

2009 LOYALTY INDEX FINDS BRAND CURTAIN PULLED ASIDE
“Value” More Important than “Price”
Consumers Will Hold Brands Accountable

New York, NY – March 1, 2009 - For all 444 brands in 63 categories tracked in the Brand Keys Customer Loyalty Engagement Index (CLEI), aspects relating to the price-value formula consumers use to calculate brand differences and to decide which brands to buy, has increased the contribution that the overall “value perception” makes to engagement, loyalty, and profitability. These findings were released by Brand Keys, Inc. (www.brandkeys.com), the New York-based brand and customer loyalty and engagement consultancy that conducts the annual survey. “This year’s findings indicate that shopper-consciousness has shifted from a personal responsibility to ferret out the deals, to a brand responsibility to provide them,” said Robert Passikoff, Brand Keys founder and president.

“You only have to look back a few months to see that the convergence of the US economic crisis with the holiday season was evident in store windows across the nation,” said Passikoff. Gone were signs offering 15% off. Banners hung from store awnings advertising discounts of 70%, 80% and even 90%. Retailers with too much merchandise and too few customers did all they could to separate fiscally frightened consumers from their cash. “People came to shop, of course, but they spent less and likely got more, this imperfect storm for retailers washing up fertile soil for shoppers,” noted Passikoff.

That was the event. As we all know, however, events have consequences and ripple in the marketplace in ways that seem obvious when looking back. “We’re not big fans of rear-view mirror driving — we prefer the windshield view — it’s what this late ’08 event augers for the future of brands that we find most interesting. The CLEI data predicts a shift in the consumer engagement marketplace, if not entirely precipitated by the economy — we have been warning and predicted this for years. After all — given shape and form in the reality of retail these past months. This shift is, in a converse sort of way, is a move *away* from price to the expectation of value,” said Passikoff.

Brands that received the highest loyalty and engagement assessments this year were:

Airlines: JetBlue/Southwest
OTC Allergy Medicine: Tylenol/Zyrtec
Athletic Footwear: Nike
Automotive: Toyota
Banks: Bank of America
Beer (Light): Coors Light
Beer (Regular): Sam Adams
Bottled Water” Aquafina
Breakfast Cereal (Adult): Cheerios
Breakfast Cereal (Children): Frosted Flakes
Car Insurance: Allstate

Car Rental: Avis
Casual Dining: Olive Garden
Clothing Catalogues: J. Crew
Coffee: Dunkin' Donuts
Computers: Apple
Cosmetics (Luxury): Estee Lauder
Cosmetics (Mass): Mary Kay
Credit Card: Discover
Digital Camera (SLR): Canon
Digital Camera (Point-and-Shoot): Kodak
DVD Player: Samsung
Energy Provider: PSE&G
Evening News: ABC
Gasoline: BP
HDTV (LCD): Samsung
HDTV (Plasma) Samsung
Hotel (Luxury): W Hotels
Hotel (Upscale) Embassy Suites
Hotel (Mid-Scale): Comfort Inn
Hotel (Economy): Days Inn
Insurance: New York Life
Laundry Detergent: Tide
Long Distance Phone Service: Verizon
Major League Sports: National Football League
Morning News Show: Today (NBC)
Mutual Fund: American Funds
Multi-Functional Office Copiers: Konica Minolta
Online Books & Music: Amazon.com
Online Brokerage: Scottrade.com
Online Travel Sites: Expedia.com
OTC Pain Reliever: Advil
Paper Towels: Bounty/Viva
Parcel Delivery: FedEx
Pet Food (Cats): Iams
Pet Food (Dogs): Pedigree
Pizza: Domino's
Quick-Serve Restaurant: McDonald's
Retail Apparel: J. Crew
Retail Discount: Wal-Mart
Retail Department Store: Kohl's
Retail Electronics: Best Buy
Retail Office Supply: Staples
Retail: Home Improvement: True Value
Search Engine: Google
Moisturizer (Luxury): Estee Lauder/Shiseido
Moisturizer (Mass): Aveeno/Mary Kay
Soft Drink (Diet): Diet Pepsi
Soft Drink (Regular): Pepsi
Toothpaste: Tom's of Maine
Vodka: Grey Goose
Wireless Handset: iPhone/Samsung
Wireless Carrier: Verizon Wireless

“These winners are the result of consumers having new levels of expectations when it comes to price, and the brands’ perceptions of value. Wise shoppers, wise now to the extent of margins that must have existed if a retailer can still make money selling a \$120 sweater for \$24 or a \$4,000 flat-screen HDTV for \$800, won’t have consumers rushing back to pay full-price anytime soon. This is true whether you are talking about a car, a coffee, or a pain reliever. The most significant shift that has happened as a result of the recent discounting is actually a neutralizing of the impact of price,” noted Passikoff. “With Dillard’s price cuts creating parity with Target, the buying decision shifts away from price to an even greater emphasis on value. And, believe it or not, this can actually turn out to be good news for brands.”

Category drivers – and the category and customer attributes, benefits, and values they consist of, including price and fees – are critically important to understanding brand engagement and getting it right when dealing with today’s consumers. “Properly configured, category drivers will tell you far more than who a consumer is – the typical demographic and attitudinal point-of-view. They tell you what you really need to know as a brand: how consumers will actually behave in the real marketplace,” noted Passikoff. “This matters if you’re keeping score by counting your sales and profits and not merely awareness levels.”

For this year’s survey, 26,000 consumers, 18 to 65 years of age drawn from the nine US Census Regions, self-selected the categories in which they are consumers, and the brands for which they are customers. They were interviewed by phone and face-to-face (to account for today’s 15% of the population who are cell phone-only consumers).

While economic news hasn’t been good, these shifts provide an opportunity for brands that pay attention to the consumer to offer the differentiation that will tip the value scales in its direction. “Those who have not should consider themselves drafted into brand boot camp, forced to get in shape or perish. The consumer drill sergeant wants brands to ‘give ’em 50’ -- 50% off that is, on quality merchandise with cool design and bulletproof warranties. Or some other value proposition that makes a difference to the consumer, not just another information-gathering device disguised as a customer loyalty program” noted Passikoff. “Value matters more than ever, and for brands that have something real to offer, this may just be the event they have been waiting for.”

The complete listing of the 63 category rankings can be found at www.brandkeys.com/awards.

CONTACT:

Leigh Benatar,
EVP, Brand Keys
212-532-6028, x15
leighb@brandkeys.com