



Consumer Expectations Increase for 9th Straight Year While Brands Fall Farther Behind

(For the complete list of 2005 Customer Loyalty Award winners, go to: <http://www.brandkeys.com/awards>)

NEW YORK NY (May 23, 2005) – Customer loyalty expectations have increased dramatically since 2004 in each of the 32 categories tracked in the ninth annual 2005 Brand Keys Customer Loyalty Index[®], from Brand Keys, Inc. (www.brandkeys.com), the New York-based brand and customer loyalty research consultancy which conducts the survey. “Consumer expectations are growing 2.5 times faster than brands are able to keep up,” said Robert Passikoff, president of Brand Keys, Inc., which produces the Index.

(<http://www.brandkeys.com/awards>)

The range of expectations runs from the smallest increase for Energy Providers (+1 percent) to the highest increase of +12 percent for Mobile Phones. The average increase in consumer brand expectations for the 222 brands surveyed was nearly +6 percent. The average ability of brands to keep up with consumers’ rising expectations was –13 percent.

“These are incredibly revealing statistics. At a time when most brands are struggling to differentiate themselves from the competition and remain profitable, it is essential that they know what consumers really expect of them,” noted Passikoff.

The highest expectations were found for Long Distance Providers, Mobile Telephones, Wireless Providers, Car Rental Companies, and Search Engines. Leading brands in those categories included: Verizon, Samsung, Treo and Blackberry, Cingular, Avis, and Google.

Lowest expectations were in the categories of Coffee and Doughnut Stores, Satellite Radio, Pizza, Overnight Parcel Delivery, AM News Shows, and Major League Sports, where the most successful brands were Starbucks, XM, Domino's and Papa John's, UPS, *The Today Show* and *Good Morning America*.

The top 10 largest gaps, the difference between what consumers want and what brands actually deliver, appeared in the following categories:

1. Long Distance Providers (30 percent)
2. Mobile Phones (28 percent)
3. On-Line Music & Books (26 percent)
4. Gasoline (25 percent)
5. Wireless Providers (25 percent)
6. Office Copiers (25 percent)
7. Car Rental Companies (24 percent)
8. Major League Sports (23 percent)
9. Quick-Serve Restaurants (21 percent)
10. Airlines (21 percent)

“The bottom-line is that consumer expectations are growing faster than brands are able to keep up,” noted Passikoff. “It’s a dangerous situation for brands to find themselves.”

For this year’s survey, 10,200 consumers 18 to 60 years of age and drawn from the nine US Census Regions, self-selected the categories in which they are customers. For established categories, seven new brands were included in the survey. These were Air Jordan, Treo, Blackberry, Outback Steakhouse, Circuit City, Dillard’s and Kohl’s. Three new categories were added: DVD Players, Satellite Radio, and HDTV.

“Profitability is governed by a brand’s ability to meet or exceed customer expectations. An inability to do so can result in them turning into something less than actual brands. Think of these products as ‘Category Place Holders’, moving one step closer to becoming a commodity. That’s not where you want to wind up,” noted Passikoff.

Brand Keys Customer Loyalty Index, the basis of the 2005 Brandweek Customer Loyalty Awards powered by Brand Keys, determines (95 percent confidence level) which products and services people will buy in the coming 18 to 24 months. Brandweek magazine published the complete winners list in its May 23 edition (www.brandweek.com).

Contact:
BRAND KEYS, INC.
Pam Batalis
212-532-6028, ext 15
pamb@brandkeys.com