This year’s Promise Index Report reveals more insights as brands emerge from the darkest days of the recession. This report provides top level commentary on the performance of many of the UK’s leading brands with input and predictions from the Promise team.

September 2010
How are brands emerging from the recession?

Last year was the first time we had run the Promise Index during a recession and it was apparent that brands worked significantly harder to give customers what they wanted. Experience outweighed expectations for the first time in the history of the Index. Now that the economy is improving (let’s all keep our fingers crossed) the big question is ‘how have brands fared and how have consumer expectations changed?’

So what happened this year?

Image

Taking the survey overall, the most significant shift was in image, as every sector – bar Aviation – was marked up to some extent. This could be in part a result of recovering marketing budgets, and the fact that brands are no longer solely emphasising price and value, but in some cases attempting to rebuild aspirational images. As our survey shows, it would seem consumers have taken notice and their perceptions and expectations of brands have risen.

After a tough year for the Aviation industry there is no real surprise to find a slightly declining image; highly publicised industrial action and the ‘ash cloud’ fiasco hit consumers hard. However, why did restaurants and hotels score so well? The answer may be that both of these sectors provide tangible experiences, and adapted well to changing consumer needs during the recession by offering value packages and flexibility. Could this now be paying dividends as consumers show their loyalty and appreciation? The financial sector was another sector to score well – implying consumer trust is well on its way to being rebuilt, as the industry begins to bounce back after a turbulent couple of years.

What is the Promise Index?

The Promise Index is our proprietary tool to track which brands are keeping their promises to consumers. We have run the Index annually since 2004.

In the study we take two key measures of 160 leading brands in the UK. Firstly, a natrep sample of consumers are asked about image; separately, a matched sample of actual users are asked about their personal experiences of the same list of brands.

The Promise Index (the average of a brand’s image and experience scores) and the Promise ‘Gap’ (the difference between image and experience) derive from these measures.

The data and its significance are supported by rigorous analysis designed by the LSE. Amongst other things, this shows that brands with high Index scores and positive Promise Gaps do best in terms of growth. Those brands with the biggest positive Promise Gap score will experience revenue growth 4 times that of those with negative Gaps.
mobile have changed the relationship between brands and consumers to one of more intimate relationship and balance. Brands are no longer able to dictate the message and control the interaction.

Some sectors and brands have responded to this shift better than others. Businesses that have regarded the brand as a central organising idea have tended to have a head start and have adapted well. Many of them sit at the top of the 2010 Promise Index – Google, Amazon, BMW, Singapore Airlines. Those that have performed poorly are often business where the CEO still regards marketing as a cost department, rather than an overall philosophy for the business – financial services continue to struggle in this regard.

Perhaps most encouraging is the rapid improvement this year in the ratings of many of those in the restaurant and hotel sectors. Both have always seen themselves in the experience business. Competition, especially in innovation centres like London, continues to drive improvements in experimentation and customer experience.

Charles Trevail

Brands are built in today's world not through communications, but through actions and experience. Google, social media and increasingly

Clare Fuller

What are we supposed to feel as we emerge from recession? It's a hard one to answer with so much uncertainty about jobs and spending, forecasts of stagnant house prices and press coverage threatening us with an impoverished old age.

While they wait to find out what the future holds, consumers notice and appreciate the things that hold life together: brands that enable them to communicate, keep warm and secure, and spend time with friends and family. No surprises there, you might think. But why do other ‘life support’ services fare badly: including supermarkets, cars, and air travel? Consumers report that each of these sectors is offering them an experience that is inferior in 2010 compared with 2009.

For airlines, the answer is obvious – the ash cloud took everyone by surprise. But what about the others? I think it’s about relevance, and making sure your brand appeals to consumer’s changing balance of rational and emotional needs. For example, car companies need to get the dull and difficult bits fixed. They are good on the product promise but weak on service delivery. Meanwhile, supermarkets need to bring more excitement into our lives. They have done a great job focusing on value, but shopping for well-priced basics is actually quite boring.

Experience

There was no overall trend in experience as certain sectors were marked up and others marked down. It would appear the shake-up from the recession has led to an interesting but challenging time for brands as they attempt to offer relevant experiences to a post-recession consumer. It seems some sectors are managing this far better than others.

Telecoms and Utilities showed the biggest improvements in experience, whereas supermarkets, the Automotive sector and the Aviation industry are clearly failing to hit the right notes with consumers. Last year delivering a relevant and appropriate experience was front of mind, and this year’s results should be seen as warning shot across the bows; a reminder to brands to keep concentrating on experience and to avoid overpromising to a fragile consumer.
Winners

This year’s success stories followed a similar trend to 2009, and once again, the top brands in the Index continue to innovate ahead of their competitors. Historically, brands that consistently innovate tend to lead the pack on both experience and image scores – albeit a number of the top innovators do very little advertising compared to some of the big spenders. We asked a couple of our consultants here at Promise to share their thoughts as to why certain brands have performed so well...

At first glance, it may seem strange that Microsoft is at number 7 in the Index – even beating its arch-rival Apple. But Windows is easier to use than ever, MSN Messenger is seen as a fairly standard method of communication, and even Bing is gaining traction. Where Apple is shiny and youthful, Microsoft is our old faithful trusted partner. Combined with an increased ad spend and the “I’m a PC” campaign, it’s no wonder that we’ve started to really recognise and appreciate the performance of Microsoft in our day to day (or hour to hour) lives.

Thea Bowden (Consultant at Promise)

John Lewis’s recent focus on quality, honesty and fairness is differentiating amongst their key competitors. Their message ‘never knowingly be undersold’ is as relevant as ever. It’s a powerful promise that builds goodwill and shows that they continue to understand the concerns and anxieties of the general British public.

Monique Chawla (Consultant at Promise)

Pizza Express has allowed us to continue to treat ourselves. We are being wooed by their consistent vouchers and innovative menu additions – a low-cal leggera means it’s suddenly a lot more feasible for a hardworking city-person to eat pizza when out on a Tuesday night.

John Gunn (Consultant at Promise)

Toyota has clearly done well to bounce back from their product recall mishap. However, it doesn’t come as a surprise. They managed the bad press particularly well and responded quickly with their well thought out ‘My Toyota’ campaign. This effectively mitigated doubts and criticism over their product safety and assembly quality – something they have been well-known for.

Suzanne Crouch (Consultant at Promise)
The top of the Index used to be a very car-centric place. The traditional objects of desire (BMW, Jaguar, Mercedes) are still there, but times they are a-changing. Last year we started to notice a reversal of fortune with the return of the British brand. We also predicted continued success for brands able to take advantage of the recession = regression formula. And each year we continue to marvel at the power of innovation to drive brand value.

Dr Nick Coates

The most successful brands in the 2010 Index fit one of these trends. Once again the top two places are occupied by Google and Amazon who have continued to experiment (Amazon has a game-changing iPhone app, Google Chrome is a highly successful new browser that was pushed heavily in the UK). And for the first time this year Apple has entered the top tier, rising 21 places to 15th overall, in the same year that it overtook Microsoft as the world’s largest tech company.

But innovation’s not the only route to success. Value brands are also flourishing in a recession. Asda and Argos have stormed into the top 20, and Freeview continues to find favour with consumers (against a backdrop of digital TV seeking to monetise more and more services). These are not traditionally ‘sexy’ brands, but offer what consumers want when they most need it.

The British revival has seen Boots rise to 4th place, bolstered by the continuing public love affair with Advantage, the UK’s most generous loyalty scheme. But Britain’s favourite department store, John Lewis, is now also a top Index performer (rising almost 20 places): the timing of the recent behind the scenes documentary is perhaps no coincidence for a brand that’s continued to offer the reference value promise (never knowingly undersold), British values and design, while also innovating through a renewed focus on store refits, technology (iPhones and iPads have done well) and e-tail.
‘The Post Recession Consumer’
The Promise Index 2010 results are a good reflection of the needs of a post-recession consumer. A consumer that is looking for speed, simplicity and shortcuts – the brands that make their lives simpler, faster and more efficient. Hence the strong positions of brands like Google, Amazon, Paypal, Apple, Ebay and Argos, but also the rise of DirectGov.

A desire for a ‘spring clean’ or a fresh start after the recession benefited brands that have a clean, fresh feel to them (Google, Amazon), and who help people find their way around (like DirectGov – definitely the one to watch for next year!). It also reinforced the position of good quality brands like John Lewis, one of the top risers of 2010.

Recession also put a wedge between the technology wants and want nots. Technology is driving people apart which is reflected in the Promise Index. Twitter, entering the Index for the first time this year, scored extremely poorly and Facebook fared only slightly better.

If you delve a bit deeper into the results in, both brands attracted a lot of people whilst at the same time; they both had a strong army of detractors.

And finally, there are no surprises here, the recession has produced a tough and frugal consumer – a cynical lot that look for bargains, appreciate value for money and demand lower prices, everyday. No wonder it’s been a good year for value brands. Companies like Asda and Argos entered the top 20 this year and Ebay and Freeview (of course not forgetting Google!) have maintained their strong positions.

As we have come to feel more vulnerable as consumers, we want the brands that we buy in to, to look after us. This may explain the continued success of public sector brands (not that they are better at service, but there is a sense that they are there to look after us) and why brands with a powerful, established and proven customer promise continue to do well in the Index.

We saw consumers demonstrating regressive tendencies during the recession. This doesn’t just mean a desire for nostalgia – people retreated into their own worlds, with their families, putting their arms around what they could control. This year we have seen success come to those brands which are able in turn to look after us and to ensure that as customers we feel ‘held’.

Ben Hayman
Many of the changes that we have seen in the Index this year echo the trends work that we have been running with consumers and marketing experts. That work has shown us that coming out of a long period of recession, people’s priorities have changed. There are a number of changes that we have noticed:

1) People are tougher consumers, scrutinising offers and picking and choosing the brands that they give their custom to
2) They are also looking for value – they don’t want cheap, they want quality products and services at ‘fair’ prices
3) They are desperate for good service, but don’t necessarily expect it.

As we have come to feel more vulnerable as consumers, we want the brands that we buy in to, to look after us. This may explain the continued success of public sector brands (not that they are better at service, but there is a sense that they are there to look after us) and why brands with a powerful, established and proven customer promise continue to do well in the Index.

The Promise Index 2010 results are a good reflection of the needs of a post-recession consumer. A consumer that is looking for speed, simplicity and shortcuts – the brands that make their lives simpler, faster and more efficient. Hence the strong positions of brands like Google, Amazon, Paypal, Apple, Ebay and Argos, but also the rise of DirectGov.
Konstantin Pinaev: Looking to the future...

Every time I look at the top 20 brands in the Promise Index, I compare it to the results from previous year. This year, for the first time, it seems that not much has changed. The key themes from 2009 are repeated: consumers favour British brands and welcome innovations. And yes, they have become even more price conscious. We are still in the shadow of the recession after all.

Quite predictable, you might say. So next year it will be the Googles, the Apples and the John Lewises again... Maybe. Maybe not.

Each of the last few decades has had a character of its own. What will the 2010s stand for? Looking around generally tells me that people are up for new ideas and experimentation much more than it might currently appear. There’s quite a lot of evidence to suggest that consumers are ready for change: Lady Gaga, the singer who beats one record after another is the ultimate symbol of people’s hunger for novelty, but the success of iPads and the emergence of completely new business models where owning is no longer necessary (Spotify, Streetcar and the Barclays-sponsored London bike scheme all give access to things without them having to buy them) show that the commercial world is firmly on the bandwagon. My prediction is that the Promise Index will look quite different in 2020 – remember, you read it here first!
Who we are...
Promise is the world’s leading Co-creation consultancy, offering brand strategy, insight and innovation. The process of Co-creation involves bringing together the people who have a stake, a problem or opportunity to find solutions.

As well as working with people face-to-face, we have developed sophisticated digital engagement tools which enable us to extend our reach geographically and into new segments.

We work globally and across a wide range of sectors. Over the last year, our clients included McDonald’s, Aviva, Tetley, DANONE, BMW, Monarch, Prudential, Barclays, Orange, Shell and P&O Cruises.

We have won awards for our work in marketing, insight and e-consultancy. Most recently we won the 2009 Marketing Society Award for Excellence for our work with ebookers.

Our offices are in London and Washington DC.

Our Co-creation Tools
Solutions are more effective if they are developed by the people with most at stake. Big Talk is a one or two day workshop involving up to 50 brand owners, consumers and other key stakeholders. The process is designed to allow people to open-up, think creatively and build ideas. Although rigorously planned, tightly facilitated and results oriented, the activities and outputs are extremely creative.

Promise Communities
We build and manage private online communities to solve brand, innovation and insight challenges. It’s like having your customers and staff discussing your brand and products 24/7 in a safe environment; being able to ask their opinion on any issue, co-creating new products and services with them, engaging them in strategic debates and plugging their thinking into your decision making.

Who’s who at Promise
Charles Trevail is our global CEO
Dr Nick Coates is our research director
Clare Fuller manages our office in London
Doron Meyassed heads up Promise Communities, our digital business
Konstantin Pinaev is a senior consultant
Ben Hayman is deputy MD, London
Jennifer Kitchen runs our business in North America

Contact
Want to see the data in detail? Interested in finding out how your company fared this year, or where you sit in your sector? Then give us a call.

London: Ben Hayman
bhayman@promisecorp.com

Washington: Jennifer Kitchen
jkitchen@promisecorp.com

Promise
75 Wells Street
London W1T 3QH
United Kingdom
Tel: +44 (0) 207 290 0290
Fax: +44 (0) 207 290 0280

One Thomas Circle, NW
10th Floor Washington DC
20005 USA
Tel: +1 202 589 2779

www.promisecorp.com