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## MBLM Reveals Chipotle Comes Second Only to Starbucks for Brand Intimacy in the Fast Food Industry

Brand Intimacy Agency Analyzes the Enigma of Chipotle: A Popular Intimate Brand Complicated by Food Safety Issues

NEW YORK — August 9, 2017 — MBLM, the Brand Intimacy Agency focused on strategy, design, creative and technology, today revealed that Chipotle ranked second in the <u>fast food</u> industry, following only Starbucks, according to its *Brand Intimacy 2017 Report*. The report, which is the largest study of brands based on emotions, found that the industry ranked eighth overall out of the 15 total studied. Brand Intimacy is defined as a new paradigm that leverages and strengthens the emotional bonds between a person and a brand. According to the 2017 report, top ranked intimate brands continued to outperform the S&P and Fortune 500 indices in revenue and profit over the past 10 years.

Chipotle ranked 64<sup>th</sup> in the study overall, out of nearly 200 brands, with a Brand Intimacy Quotient of 30.8. It beat out several dominant brands, including the remaining eight in the top 10 for the fast food industry: McDonald's, Pizza Hut, Subway, Domino's, Wendy's, Dunkin Donuts, KFC and Burger King. Chipotle also ranked first for men in the fast food industry and performed well with millennials.

"While it has a mixed Brand Intimacy profile, Chipotle has a lot going for it, including having more intimate customers than any other competitors," Mario Natarelli, partner at <u>MBLM</u>. "However, we believe that it needs to make and demonstrate tangible change in terms of its food safety controversies to build stronger bonds with consumers."

In the past years, Chipotle's popularity has grown exponentially from 16 locations in 1998 to 500 in 2005 to 2250 in 2017. Nonetheless, it has had food safety catastrophes along the way – including the 2015 outbreaks of E.coli and norovirus and the summer 2017 norovirus outbreak and rat incident in Dallas. This makes Chipotle an enigma and MBLM analyzed the fast casual giant to try to understand it from a Brand Intimacy perspective.

Chipotle has an impressive number of customers experiencing intimacy, mostly in the earliest stage. The stages of Brand Intimacy measure the depth and intensity of brand relationships and Chipotle leads the fast food industry for customers in the first stage, sharing, with 21 percent. Its success in this stage is likely a result from the explosive growth while still being relatively new to the category. Although sharing is important, it does not reflect a strong commitment like the bonding stage or co-identification like the fusing stage. Chipotle must assure customers that it is trustworthy so that more will begin to transition to the later stages of intimacy.

Interestingly, while Chipotle is the second most intimate fast food brand, it scores below industry average for every archetype expect fulfillment (29 versus 27), which relates to exceeding expectations and delivering superior service and quality. Low archetype scores for a relatively high-ranking brand indicate that although consumers are connecting with the brand, they are not forming strong associations with it. This could also be related to Chipotle's youth, but it says something about how the brand communicates and the resulting consumer perceptions. There may be a disassociation between what Chipotle says and does – as it defines itself with a commitment to "Food With Integrity" and that it goes above and beyond

the standards of a typical fast food chain. A brand that defines itself this way should be serving safe food and avoiding any outbreaks.

Chipotle, however, excels in the Net Promoter Score (NPS). With an NPS of 26 percent, it is the second highest in the industry behind Dunkin' Donuts, which has a score of 36 percent. NPS is a reflection of customer satisfaction and it seems to be the one of the strongest aspects of Chipotle's brand. The satisfaction may be correlated to the brand's solid fulfillment score. Hopefully this means that despite the recent incidents, Chipotle will still bounce back and learn from its mistakes.

This year's report contains the most comprehensive rankings of brands based on emotion, analyzing the responses of 6,000 consumers and 54,000 brand evaluations across 15 industries in the U.S., Mexico and UAE. MBLM's reports and interactive Brand Ranking Tool showcase the performance of almost 400 brands, revealing the characteristics and intensity of the consumer bonds.

To download the full *Brand Intimacy 2017 Report* or explore the Ranking Tool please visit: http://mblm.com/brandintimacy/.

## Methodology

During 2016, Praxis Research Partners conducted an online quantitative survey among 6,000 consumers in the United States (3,000), Mexico (2,000), and the United Arab Emirates (1,000). Participants were respondents who were screened for age (i.e. 18 to 64 years of age) and annual household income (\$35,000 or more) in the U.S. and socioeconomic levels in Mexico and the UAE (A, B, and C socioeconomic levels). Quotas were established to ensure that the sample mirrored census data for age, gender, income/socioeconomic level, and region. The survey was designed primarily to understand the extent to which consumers have relationships with brands and the strength of those relationships, from fairly detached to highly intimate. It is important to note that this study provides more than a mere ranking of brand performance and was specifically designed to provide prescriptive guidance to marketers. We modeled data from a total of 54,000 brand evaluations to quantify the mechanisms that drive intimacy. Through factor analysis, structural equation modeling, and other sophisticated analytic techniques, the research allows marketers to better understand which levers need to be pulled to build intimacy between brands and consumers.

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**About MBLM:** Founded in 2004, MBLM is the Brand Intimacy Agency, which is dedicated to creating greater emotional connections between people, brands and technology. With offices in nine countries, its multidisciplinary teams help clients deliver stronger marketing outcomes and returns for the long term. To learn more about creating and sustaining ultimate brand relationships, visit <u>mblm.com</u>.