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## INTRODUCTION

This is a proposal of marketing search project that is conducted by group A. Ben & Jerry is chosen as our search target company. In the first part of this proposal, you can find detailed background information of Ben & Jerry, which gives a rough description of its four "P" (price, promotion, place and people). In addition, it also covers several issues about the European ice cream market. The next part of this proposal is mainly discussing marketing management problems. You can find out Ben & Jerry's symptoms, suspected causes of its marketing management problems, Ben& Jerry's actions and its consequences. Besides that, we listed several questions to help us analyze customers' buying behavior and the main methods we will used in order to finish our survey. The schedule and sampling plan will give you a full picture of our project progress.

## **BACKGROUND**

### **Market and Brand of Choice**

For the Marketing Research project 2005/2006 we chose to do our marketing research within the ice cream industry, in the Netherlands. The Ice Cream industry in the United States developed rapidly; nowadays they have started to expand their market to other continents such as Europe and Asia. We can find so many international ice cream brands in Europe, especially in the Netherlands such as Haagen Dazs, Ben & Jerry's, and Australian.

Among the various international brands that are popular around the world, we are most interested in Ben & Jerry's. We have noticed that Ben & Jerry's is one of the most popular brands one can discover around big cities. Furthermore, we decided to go for Ben & Jerry's because we will benefit by doing research in The Netherlands since Ben & Jerry's is under the Unilever, which is part of the Unilever Group owned by the Netherlands-based Unilever N.V. and UK-based Unilever PLC, which is also one of the biggest consumer product company.

### **Ice Cream Market Issues**

Sales of impulse ice cream are set to register positive value growth of 5.5% during 2003, reaching a value of EUR 216.8 million stimulated by good weather at the beginning of the summer season and dynamic impulse in terms of new product development and advertising. In volume, sales are expected to increase by 2%, indicating a marked preference for the higher value innovations introduced by leading manufacturer Unilever. Much of the growth are predicted to be driven by dairy-based impulse ice cream, which is the most popular product in the Netherlands with sales accounting for nearly 70% of total volume.

Furthermore, the single portion dairy ice cream is expected to register higher value growth in 2003, at 8.5%, which lead to improving the performance of previous years due to a combination of better weather and intense brand and product promotion.

### **Important Issues about the Brand**

Ben & Jerry's are using special characteristics for their brand that are simple to pronounce, recognize, and remember. The cow and green environment behind their logo is depicting their awareness of quality and benefits. Ben & Jerry's tries to acknowledge their customers that they always use natural and fresh milk, always keep clean and green environment while producing their ice cream. To promote and to prove their mission, Ben & Jerry's uses special slogan like "From Cow to Cone", "Lick Global Warming", "Organic Ben & Jerry's", and "50 Ways to Promote Peace".

Since Ben & Jerry's target market is ranging from kids to elderly people (Family), they have to ensure that there is an existence of brand awareness in specific segments. For kids, they would be more interested in the ice cream packages or paper with their favorite cartoons, such as Disney's characters or Warner Bros. For adults and elderly people, they would take into consideration more about the nutrition facts, taste, and low-fat ice cream. Thus, it will be more interesting for them to see "Organics, low sugar, or low fat Ice Cream".

Ben & Jerry's are using brand extension to develop their brand. They have produced thousand of ice cream flavors under the name of one successful brand, which of course is "Ben & Jerry's". They have extended its brand to organic ice cream, original ice cream, scoops menu, bars original ice cream, single original ice cream, and single novelties with different choice of taste in each product.

**Pricing in Ben & Jerry's**

As written in Ben & Jerry's mission statement, *"To make, distribute, and sell the finest quality all natural ice cream, and euphoric concoctions with a continued commitment to incorporating wholesome, natural ingredients, and promoting business practices that respect the Earth and the Environment."* Their marketing strategy is to achieve product quality leadership. With this strategy, Ben & Jerry's will charge a higher price to cover a higher performance quality and the high cost of R&D.

Price decisions must be coordinated with product design, distribution, and promotion decisions to form a consistent and effective marketing program<sup>1</sup>. Other factors that influence Ben & Jerry's pricing system are the market and demand, economics condition, competition costs, prices, and offers.

The market and demand will be influenced by economic conditions. In bad economic situations, people will reduce their expenses on secondary goods, such as ice cream. These conditions depend on how frequently people consume ice cream. For instance, in the United States people consume ice cream as a primary need (important need for the consumers), so the economic condition will give a small impact on the ice cream market.

Competitors like Haagen Dazs and Australian Ice Cream will affect the price of Ben & Jerry's ice cream. Since it is known to be as a high quality manufacturer of ice cream, Ben & Jerry's always pay close attention on their competitors, especially in maintaining their quality and prices. Furthermore, the prices of Ben & Jerry's are set carefully with the respect to their competitors' prices.

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<sup>1</sup>

Ben & Jerry's use geographical pricing. This means that it sets different prices in different regions, such as countries in Europe and the United States. Thus, Ben & Jerry's will adjust their basic prices to allow distinct differences in customers, products, and locations. Under product-form pricing, they will charge different prices for scoop ice creams and bar ice creams. Using time pricing, they will give promotional prices during special events or when introducing new products into the market.

### **Market Segmentation**

Markets consist of buyers, and buyers differ in one or more ways. Through market segmentation, companies divide large, heterogeneous markets into smaller segments.

### **Segmenting consumer markets**

Ben & Jerry's ice cream specializes on kids and families, which is obvious when you visit their website or look at the style of their packages. They divide the (global) market into different income groups. For instance, an American would have to pay more for an ice cream cup than a German.

In our opinion the social class also plays an important role in eating Ben & Jerry's ice cream. Ben & Jerry's in our opinion, is an ice brand mainly for "non" class people. For instance, people who like to feel comfortable, who like to relax in front of the TV in their pajamas and to eat ice cream in an informal situation.

Markets can be segmented into groups of nonusers, ex-users, potential users, first time users, and regular users of a product. We could imagine that Ben & Jerry's is very interested in the potential users which bring in most of the money.

A market can also be segmented by consumer loyalty. Information about consumer loyalty can be a very important and helpful to use for the right steps to attract the right customers. By studying their own loyal customers, Ben & Jerry's could eventually understand the needs and wants of their product users better. By studying its less loyal buyers, Ben & Jerry's could find out which brands are most competitive with its own (Haagen Dazs). Now Ben & Jerry's could try to improve its positioning against Haagen Dazs, possibly by using direct-comparison advertising.

### **Market Demand**

Market leaders like Ben & Jerry's or Haagen Dazs can expand the market for example by developing new users. Therefore, we advise Ben & Jerry's to develop an ice cream, which will be eaten by people who look after their figure or who take their health very seriously. Thus, it may be a possibility to expand the total demand.

### **Ben & Jerry's Distribution**

Ben and Jerry's are located in many countries, these countries are:

- |              |                 |                    |
|--------------|-----------------|--------------------|
| 1. Belgium   | 7. France       | 13. Singapore      |
| 2. Germany   | 8. Iceland      | 14. South Korea    |
| 3. Italy     | 9. Malta        | 15. Spain          |
| 4. Canada    | 10. Netherlands | 16. Sweden         |
| 5. Hong Kong | 11. Israel      | 17. Switzerland    |
| 6. Mexico    | 12. Ireland     | 18. United Kingdom |

Note: United States is their home countries.

Furthermore, you can notice that Ben and Jerry's is distributed nationwide and in selected foreign countries, in supermarkets, grocery stores, convenience stores, franchise Ben & Jerry's scoop shops, restaurants, and other venues.

### **Competitors in Ice Cream Market**

The company's two major competitors in principle were Haagen-Dazs and Dreyer's/Edys which launched two super premium lines in January and September 1999, Godiva and Dreamery . Other significant frozen dessert competitors were Columbo, Healthy Choice, and Starbucks.

In ice cream novelty segments, Ben and Jerry's competed against Haagen-Dazs and Dove Bars which is manufactured by a division of Mars, inc, Good Humor which is also owned by Unilever, and Nestle products as well as many private label brands.

Among all these competitors, Dreyer's had stepped up consumer marketing efforts and expansion of its distribution system into EU markets. Meanwhile, Ben & Jerry's also puts much effort in its cost efficiency improvement in manufacturing and distribution sectors. Ben & Jerry's share of market was smaller than any of its competitors and it is arranged to outsource the manufacture of its frozen novelties beginning in 2000. The move was intended to decrease costs and enable the firm to introduce a wider range of new products.

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## MARKETING MANAGEMENT PROBLEM

### Managers' Objective

Ben & Jerry's mission needs to be turned into detailed supporting objectives for each level of management. Each manager should have objectives and be responsible for reaching them. The mission leads to a hierarchy of objectives, including business objectives and marketing objectives.

We as a group would advise Ben & Jerry's to enlarge their market within the Netherlands, in order to improve profits. Basically Ben & Jerry's should focus on Ben & Jerry's "nonusers", those are people who do not eat Ben & Jerry's ice cream yet and develop a strategy to win this target group. Therefore, we want to enlarge the production in the Netherlands and to gain more customer loyalty.

### Symptoms of the Problem

The symptoms of the problem that exist would be, people who do not eat Ben & Jerry's ice cream, maybe due to a lack of availability or the high prices, which means that these people are not Ben & Jerry's customers and do not bring in any profit. Nowadays, people in general are more concerned about their health, thus Ben & Jerry's has to find a solution to reach these groups as well.

### Suspected Causes of the Problem

A suspected cause of the problem could be that ice cream customers don't have that much time to search for a Ben & Jerry's ice cream shop, so they take the brand which is available. People also take more care about their money situation and don't spend anymore so easily. Also more people become aware of their health situation it could lead this group to increase, which would result in less sales possibilities for Ben & Jerry's. In institutions like sport clubs, swimming pools, etc it would be difficult to sell ice cream.

**Actions**

Ben & Jerry's action is to react to the trend in order to have control of the market leaders. We as a group would advise Ben & Jerry's to create a new less- and non-sugar ice cream as well as an ice cream snack to offer guests or to practice self control. Ben & Jerry's might also increase its product's availability and promotion. In order to reach non-users, they could also produce a new blended ice cream (a drinkable ice cream). Ben & Jerry's already produced an organic ice cream to its customers. Unfortunately they offer only two flavors. We would advise to introduce more flavors to satisfy that group completely.

**Consequences**

Due to these new ideas, of course Ben & Jerry's has to face more costs. For example introducing the new products by promotion/advertisement may require more sales people, to introduce a new product means also to produce it. Therefore, we will need eventually more employees, more place, new machines, etc.

**Problem Statement as a Question**

“What strategy can we develop to convince non-ice cream users or customers who rarely eat ice cream to start eating Ben & Jerry's ice cream?”

**Marketing Research Problem:**

(How do the customers make their decisions?)

1. How important are fresh ingredients as a criteria for ice cream consumers?
2. How important are prices?
3. How important are the sizes of pints for consumers?
4. How important is the availability of Ben & Jerry's ice cream for customers?
5. How important are the design and quality of the packages for customers?

6. How important are the spoon availability?
7. How friendly are the packages for the environment?
8. How important are social missions for the customers?
9. How important are the availability of information about the ice cream for customers?
10. How important are ice cream snacks to customers?

### **Research Objectives**

1. Determine size of ice cream market in The Netherlands
2. Describe the positioning, unit selling price, market share of main competitors
3. Estimated market and competition for the next 5 years
4. Compare profile of Ben and Jerry and non Ben and Jerry's customers
5. Determine what non-users of the target group know and feel about Ben and Jerry and satisfaction

### **Research methods**

Our research method plan will depend on the information that we need to collect in order to understand and analyze the current ice-cream market in the Netherlands, and how the customers react towards our chosen ice-cream brand "Ben & Jerry's".

After gathering some basic information and online survey results about "Ben & Jerry's" ice-cream products, we are already in the descriptive research process, which is undertaken to describe answers to our research question. In this case, we would like to know more about who are our customers, their interests, behaviors, how do they make their decisions and choices when buying ice-cream, how important are ingredients, prices, and design for customers, and the attitudes of those ice-cream non-users as well.

Apart from some basic magazines and periodicals, library resources, online and offline databases research, our group also plans to conduct the research by interviewing people at

the school canteen, streets, shopping center or any other public area where ice-cream products are sold. Through interview research section, we want to get a full

understanding of people's impression and expression about Ben & Jerry's, and to learn more about their answers, but this is very time costing and hard to compare and analyze.

In addition, we are going to spread our research in the form of questionnaire of at least 240 people, which means each of our group member will have to conduct his/her survey for 40 people and we consider the whole questionnaire research process will last around 1 week. This method will get us lots of information from people in a very short time. It is anonymous and inexpensive to compare and analyze the information and the data as well. But the result might not be a full story.

We also consider observing people in the streets or in amusement parks where Ben & Jerry's products are sold. We will gather more accurate information from people's buying behaviors and their attitudes towards purchasing.

### **Sampling Plan**

Our group plans to develop and spread questionnaire in the sport centre for people who always care about their condition, hospital for diabetes people, and other public facility such as school, street, and amusement park where Ben & Jerry's product are sold. We have to get sample for at least 240 people (each group member will have the responsibility at least 40 people).



