

Marketing Fundamentals Assignment 2



“Ice Cream Like No Other”

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Häagen-Dazs™ have been making ice cream like no other since 1960. The founder, Reuben Mattus' vision was to make the most extraordinary ice cream the world has ever tasted, a spoonful of luxury to escape the everyday. And to get there he only used the high quality, carefully selected ingredients. As Reuben said, 'If you're like everyone else, you're lost'.



Häagen-Dazs is an American Ice cream brand established in New York in 1960 by Polish immigrants Reuben and Rose Mattus in The Bronx. Häagen-Dazs,, reported that in 1976, it first opened its retail store in Brooklyn NY and after that, it offered franchises in whole United States and other 54 countries with 900 shops nationwide. It is mainly owned by General Mills in US and Canada. The products are produced by Dreyer's Grand Ice Cream, Inc., a Nestlé subsidiary, under a pre-existing license. The size of the pint ice cream cartons are minimised by 16 ounces to 14 ounces and containers in 32 ounces to 28 ounces for control the increasing costs of economy and hold the nutritious.

Dedicated To Great Ice Cream

Reuben Mattus dedicated himself to the mission of creating the most silky, smooth and creamy ice cream that exists. He first launched Häagen-Dazs with three simple flavours: chocolate, vanilla and coffee. Today this has grown to 46 extraordinary flavours. Every step of the way Häagen-Dazs has been driven by a passion for perfection. (It took six years to figure out how to make the ultimate strawberry ice cream.)



The ice cream market was valued at USD 62.40 billion in 2020, and it is projected to register an annual growth rate of 2.87% during the period, 2021-2026.

The ice cream industry had suffered during COVID-19 due to supply chain disruptions that impacted the ice cream sales. Also, a lot of people were avoiding ice cream as they felt it may make them susceptible to COVID-19.

Further, due to the rising health concerns with regards to ice cream consumption, consumers are now preferring ice cream products that are GMO-free, hormone-free, additive- and preservative-free, dairy-free, low in calories, organic and fat-free.

There is a rise in demand for premium ice creams, which will be one of the primary factors driving the

market growth. Premium ice creams have become a popular product among health-conscious consumers due to the presence of high-quality ingredients and a lower amount of aeration compared to regular ice creams.

Trends

✓ Innovative Flavors

With an aim to gain a competitive advantage and to increase the consumers base, ice cream manufacturers are creating products with premium and innovative ingredients.

Liquor ice cream is gaining popularity across developed regions such as North America and Europe. The products contain less than 0.5% alcohol, and therefore, are widely retailed in grocery and specialty stores. Häagen-Dazs launched spirit-infused ice cream with a flavor of four traditional pints made with Irish cream, rum, bourbon, and stout.

✓ North America Holds the Largest Market Share

North American ice cream market is expected to witness significant growth due to the rising demand for frozen snacks. The growing interest in gelato among North American consumers can be accredited to the fact that they offer a wide variety of options that fit the needs of consumers : low-calorie ice creams, premium and authentic ingredients.

✓ Competitive Landscape

The ice cream market is a competitive market and comprises regional and international competitors like Unilever, Nestle, etc. These players compete on different factors, including product offerings, quality, taste, flavor, price, functionality, size, packaging, and marketing activities, to gain a competitive advantage in the market. The most active companies in the market are mainly focused on introducing new products to gain the interests of consumers.

General Mills' marketing strategy at time of COVID-19

“It’s a unique time,” Jeff Harmening, chairman/chief executive officer of General Mills, which owns Häagen-Dazs ice cream brand.

One key element of the company’s strategy in response to Coronavirus is to avoid the temptation of simply driving short-term revenue.

“For us, brand building is a long-term investment. It’s not only what we do this quarter. So, we will continue to build our brands in appropriate ways, because the impact is not only for now, but it’s three months from now, and six months from now,” Harmening said.

“Over a third of consumers are treating themselves now more than ever, and are looking for comfort and indulgence,” says Kat Jones, marketing manager at Häagen-Dazs.

A winner from this trend was Häagen-Dazs himself, which saw its tub sales increase 8.9% to £56.2m [according to Nielsen] on the UK market. Owner General Mills says those who previously would have bought more everyday brands are now trading up for a moment of luxury. It is looking to repeat that performance in 2021-2022 with the launch of Duo variant — a tub combining a split of two contrasting flavours.

The PESTEL Analysis

Political aspects

- **Changing VAT:** Today, the Food industry, as well as the ice cream industry, strongly depends on the change of the VAT set by the Governments. Increasing or decreasing the VAT will impact on the consumer price of ice creams and on the frequency consumers will buy this kind of products.
- **A number of public organisms in France, by example** (like **INPES**: Institut National de Prévention et d'Education pour la Santé) or public program (Programme National de l'Alimentation, or **PNSS**), fight for the decrease of obesity. As a result, PNSS (Plan National Nutrition Santé) created in 2001 by the Government, attempts to promote healthy products by limiting the consumption of sweetened or fat food and to push people to practice physical activities.

Economic aspects - are all the macroeconomics factors that can impact on the way businesses operate in the food industry.

- **The unemployment rate**
- **The inflation** is also a factor to take into account because it strongly impacts on the final consumer prices and also, the level of sales of ice creams and sorbets.

The increasing unemployment rate as well as the inflation strongly impacts on the purchasing power of consumers who prefer to give priority to necessary products than secondary products like ice creams.

It is good to know that:

- ✓ The consumer price of ice cream and sorbets has increased by 2.1% in 2021 since the second quarter of 2020
- ✓ The increase of consumer price is explained by the volatility of raw materials prices which are used to make ice creams : eggs, milk, sugar, fat, aromas

Social aspects - businesses that operate within the ice cream industry must comply with the social factors.

For most people, eating is not only a functional act, but it is also a daily pleasure and a shared moment that obeys some rules : conviviality, food diversity and meal structuring.

Two main trends must be considered for companies in the food industry (such as ice-cream companies) to sell successfully food products:

- **83% of people seem to spend more on little food luxuries for satisfying their own pleasure.** Consumers will be attracted by original deserts, smoothies or other premium products. They will prefer to decrease the frequency of their purchase and to give priority to the quality of products. That explains why at the same time, producers innovate constantly to satisfy the consumer senses by creating fun and new tastes, new textures, new pleasures.
- **Besides, people tend to focus on healthy food , natural products and low fat products**

Technological innovations - that enable people to prepare their own ice creams.

- **The ice cream industry is impacted by the innovation of powerful kitchen appliances,** which enable people to create at home their own delicious ice creams.

Environmental - more than half of total ice cream sales are realized in July and August (60%) , so climate change remains the main environment threat for ice creams producers.

Climate change, which is the changing of global temperature over a long period, comes from the accumulation of greenhouse gases especially provided by pollution, business activities, waste. In order to limit the global warming and the emission of CO₂, companies must react by adopting friendly environmental-actions: recycling, use of machines that consume less energy... This is a commitment that must be respected annually.

Legal - all the ice cream producer companies must receive a sanitary approval, which specifies the required approvals for packaging, storage by stating the maximum appropriate temperatures. Besides, it asks companies to adopt strict hygiene standards adapted to frozen food storage. Business establishment that store frozen food must use required refrigeration installations.

Haagen Dazs SWOT Analysis, Competitors & USP

Haagen Dazs Brand Analysis	
Parent Company	Froneri & General Mills
Category	Ice cream and cakes retail
Sector	Food & Beverages
Tagline/ Slogan	Thats Dazs
USP	A globally recognized brand offering a wide range of ice creams and cold desserts

Haagen Dazs STP	
Segment	People who love premium quality ice creams
Target Group	Targeted towards kids, adults and rich families
Positioning	It uses the finest ingredients to create perfect ice creams

SWOT Analysis of Haagen Dazs

Haagen Dazs Strengths

1. Haagen Dazs is a US based ice cream brand which globally recognized for its desserts & icecreams
2. Häagen-Dazs has a strong brand equity in the segment since its inception in 1960
3. The brand is present in many countries including Canada, UK, India, Hong Kong, Singapore, Japan, France & other European countries
4. Its product portfolio is diverse and includes : ice cream, cakes, yogurt and gelato
5. Häagen-Dazs ice creams are available in all major retail chains and are also delivered to customers by ecommerce platforms
6. The brand invests in creative marketing campaigns via TV commercials, print ads, online ads and digital marketing
7. Häagen-Dazs is using natural ingredients
8. Häagen-Dazs always choose its location in high accessible places with public transport system, residential area and available food place, near town and universities. Häagen-Dazs café and shops are perfectly maintaining clean and hygienic environment for their customers with trained staffs.
9. Its website enables customers to order online

Haagen Dazs Weaknesses

1. Immense competition from existing players and local ice cream manufacturers - means limited market share growth
2. Despite a strong product, Häagen-Dazs has a limited global awareness compared to some of its competitors
3. Sometimes consumers consider money rather than taste - in that sense Häagen-Dazs are lack behind with high price of products
4. Very perishable products - Häagen-Dazs has to face many losses of products after the expiration dates.

Haagen Dazs Opportunities

1. New flavors and different desserts can increase its business by attracting customers
2. Opening franchise shops can increase its market reach in existing countries as well as expand its business in newer geographies
3. Diversifying the brand into other categories can help boost the business for Häagen-Dazs

Haagen Dazs Threats

1. Growing competition in premium category as well as in the local markets can threat the business for Häagen-Dazs
2. Food regulations, international regulations and economic recessions can impact its business

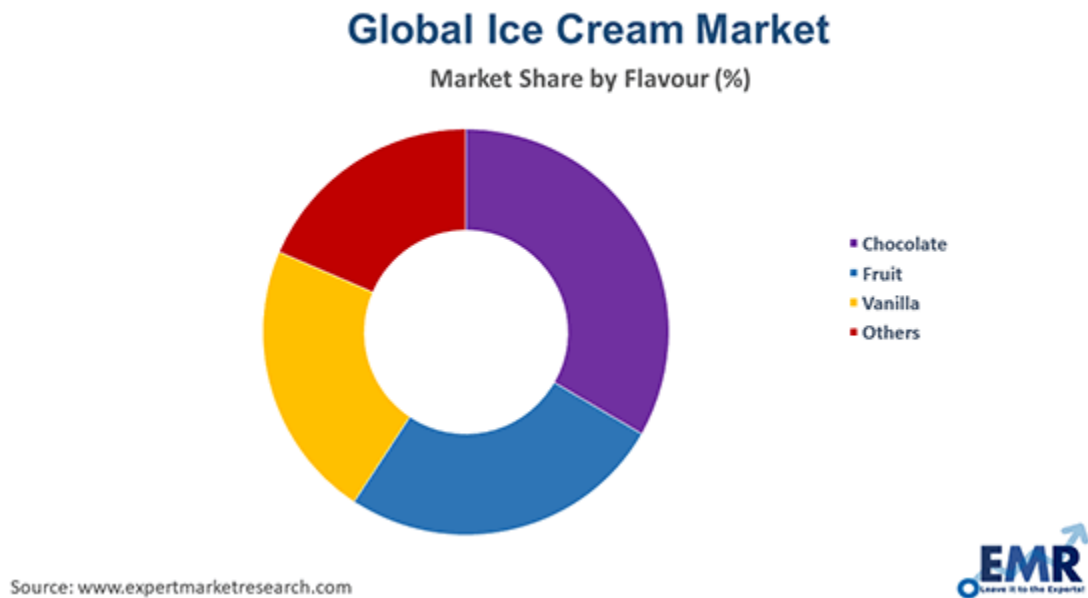
Häagen-Dazs Competition

Below are the top 5 competitors of Häagen-Dazs :

Haagen Dazs Competitors

1. Ben & Jerry's
2. Baskin Robbins
3. Dairy Queen
4. McDonald's
5. Dunkin Donuts

ICE CREAM MARKET SEGMENTATION



On the basis of flavour, the industry can be divided into:

- Chocolate
- Fruit
- Vanilla
- Others

Based on the category, the market can be categorised into:

- Impulse
- Take-Home
- Artisanal

The major product types in the global ice cream market are:

- Cup
- Stick
- Cone
- Brick
- Tub
- Others

On the basis of the distribution channel, the industry can be segmented into:

- Supermarkets and Hypermarkets
- Convenience Stores
- Ice Cream Parlors
- Online Stores
- Others

Porter's Five Forces

Porter's Five Forces is an established framework to analyze a market.

A market is defined as a specific industry that sells similar products. Porter's analysis is used to assess market attractiveness both for new entrants and existing companies. In general, the stronger the five forces are, the less attractive is the industry. During increased competition, companies need more than usual resources to survive. The following schematic shows the elements of Porter's five forces.





- POWER OF BUYERS (strong)** : *buyers are people or organisations who create demand in an industry. The market is fragmented , meaning that Haagen-Dasz can sell its ice-cream to a large number of direct buyers. Ice-cream is a seasonal product which strengthens the buyer power. However , the positive aspect for Haagen-Dasz is the fact that Haagen-Dasz has a high level of demand .*
- POWER OF SUPPLIERS (medium)** : *the main suppliers in ice cream industry are suppliers of raw materials or equipment. Häagen-Dazs is dependent on its suppliers for raw materials such as milk, sugar, cream and eggs. This can have a negative influence on the company's business because when the supply costs are rising, Häagen-Dazs is forced to increase the ice cream price. Subsequently, the brand's sales volume can be affected (Kotler and Armstrong, 2010) . Apart from this, the fact that Häagen-Dazs uses 100% all-natural ingredients , no artificial colors, lemon juice instead of citric acid and egg yolks instead of emulsifiers (Häagen-Dazs , 2010) increases supplier power.*
- THREAT OF NEW ENTRANTS (medium)** : *in the ice-cream industry most equipment can be rented, purchased or utilized for multiple purposes and employees doesn't need to be highly experienced or trained. However, the threat of new entrants into the ice-cream market is low. The market is still dominated by several multinational players and a large group of low-end domestic ice-cream brands.*

Moreover, the existing brands maintain a high level of product development and ongoing promotion. It would be very difficult for new products to differentiate themselves and gain consumer attention.

- **THREAT OF SUBSTITUTE (weak)** : *a threat of substitutes exist when the demand for a product declines due to either lower prices of a better performing substitute product, low brand loyalty or new current trends. Being a super- premium brand, Haagen-Dasz can be substituted anytime by cheaper alternatives, but it still has a mass of loyal consumers.*
- **COMPETITIVE RIVALRY (strong)** : *Rivalry within the ice-cream market is strong. Häagen-Dazs is also face competition from the “homemade” ice-cream market. But Häagen-Dazs is positioning itself as an experience luxury brand, rather than as a food product or ice cream brand.*

Brand Analysis

Positioning

Häagen-Dazs is positioned, mainly based on its products and service differentiation. Häagen-Dazs is trying always to maintain the quality due to the special selected ingredients coming only from their physical country of origin. In addition the high cream density, with no excess air is offering truly unique ice cream experience. In order the quality to be ensured, the company is strictly testing daily not only the suppliers, but also all the phases of manufacturing processes. The company fulfills its brand image with a big variety produced only by the best ingredients around the world.

Its position is also based on their image differentiation following always a luxury brand strategy. There is a specific logo with golden colors and black fonts in order to pass the luxurious icon. The logo is also accompanied with the moto “made like no other®.” All the advertisements are focusing in highlighting the luxury flavors of the products and the unique exotic tastes.

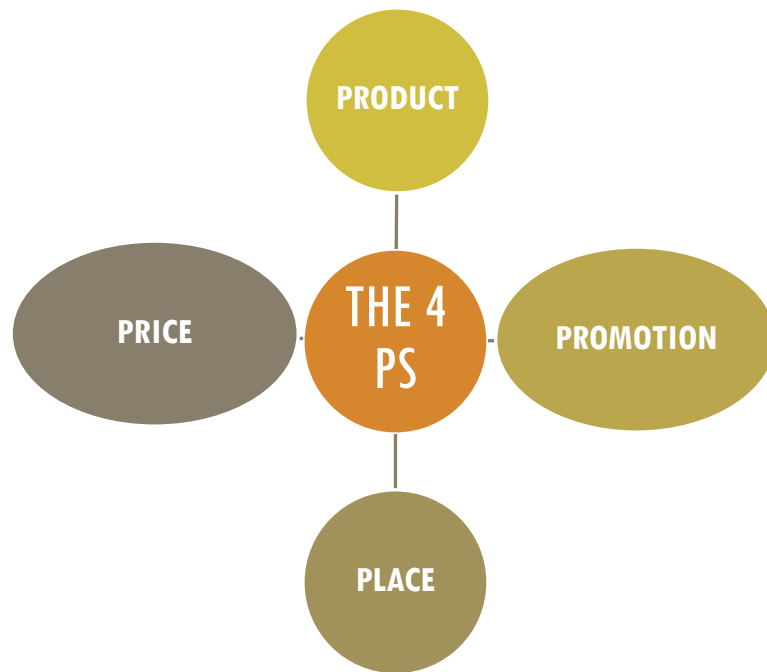
Target Group

Häagen-Dazs has differentiated its target group right from the start. While the ice-cream industry was considered worldwide as a low price industry and mostly targeting small ages, Häagen-Dazs has been focus on adults, who love the luxurious ice cream flavors. An important reason for taking this choice, has been their premium price strategy, since only the financially independent adults could spend more money for high quality ice creams.

The second target market, are the health conscious adults, who are interested in desserts but they prefer natural ingredients and low fat substitutes.

Focusing only on these two target segments, they might have a small market potential, but the profit margins are much higher.

Häagen-Dazs MARKETING MIX



The overall strategy was to create an exclusive image for the product

PRODUCT



- High quality
- Finest ingredients

PLACE



- Only in exclusive locations (ex.: Covent Garden)
- Had their own restaurants

PRICE

- Set high to give exclusive image

PROMOTION



- Glossy magazines
- Word of mouth
- Free samples
- Adverts next to exclusive brands

Overall, the strategy was extremely successful : One of the most successful product launches ever- Häagen-Dazs was able to move it to the mass market but keep a high price and exclusive image.

“ Competition in our product categories is based on product innovation, product quality, price, brand recognition and loyalty, effectiveness of marketing, promotional activity, convenient ordering and delivery to the consumer, and the ability to identify and satisfy consumer preferences.

Our principal strategies for competing in each of our segments include unique consumer insights, effective customer relationships, superior product quality, innovative advertising, product promotion, product innovation aligned with consumers' needs, an efficient supply chain, and price.

In most product categories, we compete not only with other widely advertised, branded products, but also with regional brands and with generic and private label products that are generally sold at lower prices.

Internationally, we compete with both multi-national and local manufacturers, and each country includes a unique group of competitors.” (General Mills, 2021 Annual Report)

