



Situation Analysis

Team 1

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I. Executive Summary

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- Ice cream is defined as a soft, frozen, dairy based food with added sweeteners and flavors that is sold individually or in multi-packaging, and is FDA regulated.
- According to Mintel data, as of April 2018, the ice cream market is approximately a \$12 billion-dollar industry.
- Mintel forecasts a 15% increase in dollar sales from 2017-2022.
- The ice cream industry displays steady, moderate growth with a 4% segment rise in the recent years.
- Häagen-Dazs has the lowest price per ounce, when referring to the premium ice cream category, at 25 cents, while Magnum is the highest at 30 cents per ounce.
- New ice cream data has shown that trends are changing for ice cream. People are newly looking for higher quality ice cream with new flavors, health benefits, etc.
- Brand loyalty proves to remain an element in ice cream sales as 53% of consumers admitted to sticking to the same brands they always do.
- Although consumers have favorite brands and flavors, they do seek continued innovations which Mintel further notes being that 25% of people would like to see more indulgent options, and 38% are willing to pay more for premium options.
- Additional factors that influence purchase decisions are emotional state, cravings, packaging, calories and fat content, serving size, and the weather.
- We found that consumers will often pay more for premium options, suggesting that decadence is somewhat synonymous with quality.
- The evoked set for premium ice cream included Häagen-Dazs, Ben & Jerry's, and Magnum, which all contained pros & cons within their product.
- The most active consumers in ice cream are usually aged anywhere between 18-44 years old and are most likely parents.
- Häagen-Dazs is considered a premium ice cream brand due to its higher quality ingredients and rich texture and flavor.
- Häagen-Dazs competes in the general market for ice cream, however to be more specific it competes with more premium brands in a segment of the market that can be identified as high end
- The Häagen-Dazs brand contains lots of history, starting in 1960 with Reuben Mattus, improving flavors and quality as the brand grown and progressed.
- Häagen-Dazs has 42 flavors that can be found, along with several ice cream novelty products.
- In terms of advertising within the evoked set, Häagen-Dazs and Magnum run similar advertising campaigns that are simple and sophisticated while Ben & Jerry's run a more easy-going and vibrant campaign.
- Häagen-Dazs' primary demographic are females aged 35-55 who graduated college and earn \$75,000 a year.

- Häagen-Dazs is a leader in producing premium ice cream and it positions itself accordingly in the market.
- According to the blind taste test, Häagen-Dazs won in the categories of creamy texture and appearance.
- Three positioning statement alternatives include:
 - Häagen-Dazs leads in creamy texture when compared to other premium brands.
 - Häagen-Dazs is a trusted premium brand.
 - Häagen-Dazs offers a large variety of flavors that cater to discriminating consumers.

II. Category and Segment

II. Ice Cream Category

A. Definition

Consumers buy brands in the ice cream category for a number of reasons. People like to indulge in ice cream as a treat for themselves and their family. Additionally, consumers purchase and stay loyal to brands because of taste, flavors, ingredients, texture, and decadence.

According to the International Dairy Foods Association, ice cream “consists of a mixture of dairy ingredients such as milk and nonfat milk, and ingredients for sweetening and flavoring, such as fruits, nuts and chocolate chips . . . By federal law, ice cream must contain at least 10 percent milkfat, before the addition of bulky ingredients, and must weigh a minimum of 4.5 pounds to the gallon.”

The two key ice cream segments are ice cream and ice cream novelties. Ice cream brands include Häagen-Dazs, Ben & Jerry’s, Magnum, Breyer’s, Dreyer’s, and Blue Bunny. These are typically purchased in a carton in pints or gallons. Ice cream novelty brands include Häagen-Dazs, Magnum, Dove, Klondike, and Drumstick. Ice cream novelties are made of ice cream but in a less restrictive product package. Products are separately packaged single servings that can take varying forms and presentations (e.g. bars, cones, and sandwiches). These two segments share similar flavors, but typically there are more flavors available in cartons. The quality of ingredients is similar in both categories, but is slightly higher in ice cream because of the brands. Typically, ice cream novelties are cheaper than ice cream cartons.

The evoked set in our segment consists of Häagen-Dazs, Ben & Jerry’s, and Magnum. Consumers choose between these brands because of their rich and decadent flavors. Häagen-Dazs, Ben & Jerry’s, and Magnum are all available in carton form. Häagen-Dazs offers 14 oz. and 28 oz. cartons, Ben & Jerry’s offers 16 oz. cartons, and Magnum offers 14.8 oz. cartons. Each brand focuses on creating flavors that are a combination of many different ingredients (e.g. fruit, chocolate, brownie chunks, cookie dough) in addition to the ice cream.

B. Category Size and Trends

According to Mintel data, as of April 2018, the ice cream category is an approximate \$12 billion-dollar industry. Mintel reports that dollar sales in this category have grown 3% from 2016-2017, despite a decrease in unit sales. We were unable to find data online about unit sales, but based on store checks at Target, it is reasonable to assume that 2.75 billion cartons of ice cream were sold.

According to a 2017 statistic from Statista, the largest ice cream brand was private label, which accounted for \$1.090.7 million dollars and 20% market share. Excluding private label, the top three largest brands in the ice cream category were Breyers, Ben & Jerry's, and Häagen-Dazs. As of 2017, Breyers had 9.2% market share (\$503.9 million in sales), Ben & Jerry's had 8.7% market share (\$477.1 million in sales), and Häagen-Dazs had 8.4% market share (\$461.3 million in sales). Despite our best efforts, we could not find domestic sales for Magnum. However, a 2015 Forbes article reported that Magnum had \$2.54 billion in total sales globally, according to Euromonitor.

However, a November 2018 article from cnbc.com entitled "How an ex-lawyer built Halo Top into an ice cream sensation with \$347 million in sales" suggests that the top three ice cream brands rotate between Ben & Jerry's, Häagen-Dazs, and Halo Top in pint sales.

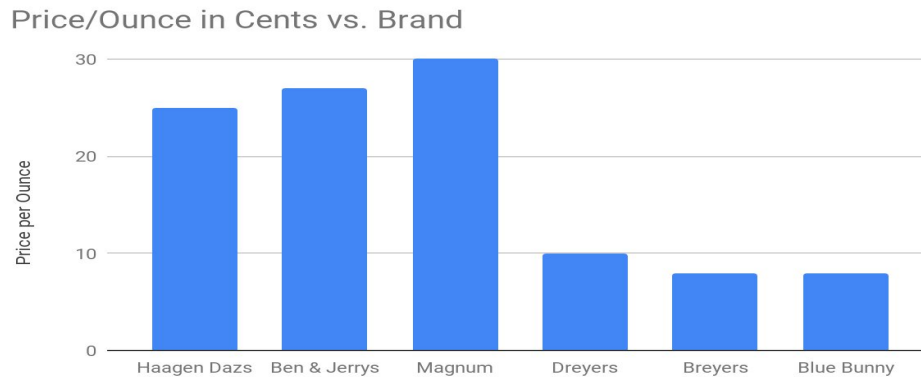
C. Ice Cream Trends

The market for ice cream is growing moderately. According to data from Mintel, market sales in the ice cream segment rose 4% from 2016 to 2017. This equated to a \$300 million increase from \$6.9 billion to \$7.2 billion. Mintel forecasts a 15% increase in dollar sales from 2017-2022.

According to "The Indulgence Factor: Trends in Frozen and Refrigerated Desserts," the biggest trends affecting refrigerated and frozen desserts are clean ingredients, good sourcing, ethical manufacturing processes, sustainability, and social responsibility. Additionally, more natural, vegan, gluten-free, and dairy-free varieties are being demanded. Further, consumers are starting to demand single serving sizes and higher quality ingredients.

D. Pricing

A store check conducted at Target in Flagstaff, AZ in January 2019. Pricing varies based on the quality of the product. Within the premium brands, Häagen-Dazs sells for \$3.50 (25 cents/oz.), Ben & Jerry's sells for \$4.32 (27 cents/oz.) and Magnum sells for \$4.44 (30 cents/oz.). In terms of non-premium products, Dreyer's sells for \$4.99 (10 cents/oz.), Breyers for \$3.99 (8 cents/oz.), and Blue Bunny for \$3.99 (8 cents/oz.).



E. New Trends

Consumers' demands for ice cream have shifted in the past few years. Now, consumers want new and higher-quality benefits, textures, flavors, and ingredients. According to Mintel data, 66% of consumers are interested in frozen treats made with fruit, 58% are interested in multi-flavor packs, 57% are interested in indulgent mix-ins, and 47% are interested in new flavor combinations. Recently, Halo Top and private labels, such as Kroger's Simple Truth Low Cow, entered the market to meet consumers' desires for healthier options. Häagen-Dazs and other ice cream companies have also introduced gluten-free, non-gmo, and non-dairy products to meet consumers' demands.

F. Key Factors Influencing Choice

According to Mintel data, 53% of consumers often buy the same brands of frozen treats, and 47% often buy the same flavors. This indicates that purchases are heavily influenced by brand loyalty. Although consumers have favorite brands and flavors, they do seek continued innovations in flavors. Mintel further notes that 25% of people would like to see more indulgent options, and 38% are willing to pay more for premium options. Interviews with coworkers, friends, and family supported these findings. Our interview participants said their purchasing behavior is based on price, flavor, ingredients, texture, and health factor. Additional factors that influence purchase decisions are emotional state, cravings, packaging, calories and fat content, serving size, and the weather. We found that consumers will often pay more for premium options, suggesting that decadence is somewhat synonymous with quality.

G. Evoked Set Members Positioning

Ben & Jerry's

Product Description

Ben & Jerry's is an ice cream brand with a variety of flavors that are named after pop culture phenomena.

Brand Positioning

Ben & Jerry's is a fun, premium ice cream brand with innovative flavors and creative names.

Magnum

Product Description

Magnum is an ice cream brand with a variety of premium flavors.

Brand Positioning

Magnum is a luxurious ice cream brand to indulge in.

H. Evoked Set Advertising and Consumer Messaging

Our evoked set consists of Häagen-Dazs, Magnum, and Ben & Jerry's.

Häagen-Dazs and Magnum

Häagen-Dazs and Magnum have similar advertising campaigns that are aimed at a similar target market. Their print ads are similar in the way they portray their ice creams to be luxurious. Their advertisements often feature keywords such as: pleasure, indulgence, rich, creamy, and experience. Both companies have used celebrity endorsements to evoke a sense of borrowed interest as well. Their commercial advertisements are similar as well, portraying luxury and beauty. The commercials we viewed on Youtube feature many close-ups, highlighting the texture of the ice cream. These advertisements appear to target women in their mid-20s and older who desire more luxury and beauty. This message is also portrayed in their simple and aesthetically-pleasing packaging.

Ben & Jerry's

Ben & Jerry's advertisements are very different than Häagen-Dazs and Magnum. They are more animated and colorful. Print advertisements have the same kind of background that is seen on their carton packaging. Ben & Jerry's advertisements focus on their new creative flavors that are not offered by competitors, as well as the ingredients in their ice cream. Their commercials, which we viewed on Youtube, are animated and have voice-overs explaining the ingredients, the benefits of buying Ben & Jerry's ice cream, and catchy slogans. Their packaging portrays this message through the use of color, unique flavor names, and pictures of the ice cream.

III. Consumer Profile

III. Consumer Profile

A. Demographic Profile

According to information provided by the instructor, the ice cream category's most active consumers are aged 25-54.

B. Psychographic Profile

Priscilla Miller is a 40-year-old married mother of 2. She lives a very active lifestyle. She runs weekly and throws pottery in her free time. Her career consists of managing local real estate properties and selling pottery on the side. When Priscilla finds herself with some free time, she often partakes in sweets, which she finds justified for her active lifestyle. These sweet treats include ice cream.

IV. Häagen-Dazs

IV. Häagen-Dazs

A. Historical Perspective

According to their website, Häagen-Dazs was first introduced in 1960 by founder Reuben Mattus. The first three historically premium flavors made by Häagen-Dazs were Vanilla, Chocolate, and Coffee. In 1966, Häagen-Dazs added Strawberry to its lineup. Ten years later, Reuben's daughter Doris opened the first Häagen-Dazs retail store in Brooklyn Heights, NY. Häagen-Dazs introduced bars in 1986. In 1988, Häagen-Dazs added the Vanilla Milk Chocolate Almond bar. In 1991, Häagen-Dazs launched their frozen yogurt products. Häagen-Dazs launched their Sorbet products in 1993. In 2013, Häagen-Dazs began offering their version of gelatos. In 2016, Häagen-Dazs began eliminating GMO ingredients from its products. Häagen-Dazs has been operating under their parent company of Nestlé (product owner) and General Mills (brand owner) since 2001. In the United States and Canada, Häagen-Dazs is a subsidiary of Nestle. According to Nestle's U.S. website, their ice cream brands consist of Haagen-Dazs, Outshine, Skinny Cow, Edy's, Dreyer's, Drumstick, and Nestle's Ice Cream.

Haagen-Dazs is considered a premium ice cream brand due to its higher quality ingredients, price, rich texture, and flavor. It competes in the general market for ice cream, however to be more specific it competes with more premium brands such as Ben and Jerry's, Magnum, etc., which is a segment of the market that can be classified as the higher-end, more luxurious side.

B. Brand Overview

Size

According to their website, Häagen-Dazs' ice cream products come in a 3.6 oz. cup, a 14 oz. carton, and a 28 oz. carton. Haagen-Dazs accounts for 16 of the 96 total premium ice cream facings at Target in Flagstaff. This amounts to 17% of the market share for premium ice cream. It sold at \$3.99 per pint (25 cents/oz.).

Flavors

Häagen-Dazs has 42 flavors available in cartons: Banana Peanut Butter Chip, Belgian Chocolate, Bourbon Praline Pecan, Butter Pecan, Caramel Cone, Cherry Vanilla, Chocolate Chip Cookie Dough, Chocolate Chocolate Chip, Chocolate, Chocolate Peanut Butter, Coconut Caramel Chocolate Trio Crispy Layers, Coffee, Coffee Vanilla Chocolate Trio Crispy Layers, Cookies and Cream, Dulce de Leche, Espresso Chocolate Cookie Crumble, Green Tea, Honey Salted Caramel, Almond, Java Chip, Lemon Raspberry White Chocolate Trio Crispy Layers, Mango, Midnight Cookies and Cream, Mint Chip, Peanut Butter Salted Fudge, Peppermint Bark (limited edition), Pineapple Coconut, Pistachio, Pralines and Cream, Rocky Road, Rum Raisin, Salted Caramel Chocolate Trio Crispy Layers, Sea Salt Caramel Truffle, Strawberry, Toasted Coconut Caramel, Triple Chocolate Trio Crispy Layers, Vanilla Bean, Vanilla Blackberry Chocolate Trio

Crispy Layers, Vanilla Caramel White Chocolate Trio Crispy Layers, Vanilla Chocolate Chip, Vanilla, Vanilla Swiss Almond, and White Chocolate Raspberry Truffle.

Other Frozen Novelties

Häagen-Dazs also offers frozen novelties in the form of sorbet (4 flavors), squares (2 flavors), bars (11 flavors), and non-dairy carton varieties (5 flavors).

Consumer Profile

Demographic Profile

According to information provided by the instructor, Häagen-Dazs' primary demographic is females who are 35 to 54 years old. They have a college education and their income is \$75,000 or more. They live in a household of 1-2 people.

Psychographic Profile

Karen Smith is a forty-year-old female who enjoys playing tennis in her free time. Karen works full time as a nurse and makes \$80,000 a year. Typically, Karen does not eat ice cream but she does like to indulge. Karen is actively involved in her local Homeowner's Association and volunteers her time at the humane society. Due to Karen's busy lifestyle, she likes to unwind with nice, high-quality marijuana once a week. To compliment her hobby, she always makes sure to have a Häagen-Dazs ready in her freezer as a tasty indulgence.

C. Positioning/Consumer Messaging

Häagen-Dazs is a premium ice cream producer that strives to produce a high quality product for consumption. Its quality texture was tested to be ranked higher than both Magnum and Ben & Jerry's. In terms of advertising, Häagen-Dazs has been the leader in premium ice cream in terms of marketing as they were the first to brand it as premium. The packaging is extremely straightforward that feature the quality ingredient/ingredients that go into producing the ice cream itself.

D. Taste Test Results

On Saturday February 2, 2019 a taste test was performed to compare Häagen-Dazs ice cream to the evoked set members of Ben & Jerry's and Magnum. The test had 5 female participants whose ages ranged from 22 to 45 years old. The taste test began at Phoenix Tennis Center at 1:30 p.m. All participants were given a demographic survey asking them for their age, sex, income, educational attainment, and usage of ice cream. Each participant was given three samples of three different brands of premium ice cream brands labeled "A," "B," and "C," where "A" was Häagen-Dazs, "B" was Ben & Jerry's, and "C" was Magnum. After filling out the demographic survey, each participant was given a sample of brand A. Following this, the participants filled out the second survey, where they were asked to indicate their perception of the brand's appearance,

authentic/natural flavor, creamy texture, rich taste, and overall liking. Participants were also asked to indicate the brand they think they just tried and to rank the previous characteristics in order of importance. Participants repeated this process for brands B and C. The survey also contained a four-point Likert scale, where (1) was liked very much and (4) was disliked very much.

Average scores based on a Likert Scale where (1) is like very much and (4) is dislike very much				
	Häagen-Dazs	Ben & Jerry's	Magnum	Winner
Appearance	1.4	2.8	1.6	Häagen-Dazs
Authentic/Natural Flavor	1.8	2.4	1.4	Magnum
Creamy Texture	1.0	1.2	1.0	Häagen-Dazs & Magnum
Rich Taste	2.0	1.0	1.2	Ben & Jerry's
Overall Liking	1.8	1.8	1.4	Magnum

After the taste test was completed, the participants' responses were averaged and reviewed. Häagen-Dazs won in the appearance and creamy texture categories. The evoked set member, Magnum, won in the authentic/natural flavor, texture, and overall liking categories. Finally, the evoked set member, Ben and Jerry's, won in the rich taste category.

E. Positioning Alternatives

a. Areas of Opportunity

The areas of opportunity for Häagen-Dazs lie in its quality of texture, especially when compared to other competitors in its evoked set. During the taste test it outperformed both Magnum and Ben & Jerry's. It also has a large flavor range which caters to a the array of preferences of our customers. Lastly, Häagen-Dazs is a brand that is trusted and recognizable brand that can be found globally. All of these strengths allows the brand to expand in terms of consumption.

b. Positioning Statement Alternatives

- Häagen-Dazs leads in creamy texture when compared to other premium brands.
- Häagen-Dazs is a trusted premium brand.
- Häagen-Dazs offers a large variety of flavors that cater to discriminating consumers.