

BEN & JERRY'S INTEGRATION STRATEGY FOR VIETNAMESE ICE CREAM MARKET

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The purpose of this research was to find out whether Ben & Jerry's should enter Vietnamese market or not, and if so, how should they do it. To conduct the research, we used secondary data and qualitative research methods. It was started the research process by looking into Vietnamese culture through secondary data and compared Vietnamese ice cream market to Thai. Later on, has been designed a survey to find out more in detail how Vietnamese people consume ice cream and how they might perceive Ben & Jerry's. In addition to that was looked into some theory and later on will apply that to the case in a deeper level.

Keywords: Ice cream, Ben&Jerry's, Vietnam, Strategy.

Introduction. The Vietnamese ice-cream market is developing and growing with an 12.8 percent annual growth (Sexton, 2015). As Vietnam becomes more and more open, more international competitors get into the market. The predicted decline in imported taxes makes it easier for international companies to enter the market and challenge the local brands (Euromonitor, 2016). The market hotspots are the cities Saigon, Hanoi, Vung Tau, Can Tho and Nha Trang.

Today, Vietnam's younger generation has become more willing to pay for more expensive ice-cream due to the better living standards and the general higher income. This causes a "premiumisation" of the market (Euromonitor, 2016). Also, Vietnamese are starting to prefer foreign brands or local brands who imitate the foreign competitors (Sexton, 2015). Therefore, many international brands like Wall's, Basking Robbins, Snowee, Snwensens, Häagen-Dazs, Monte Rose and Dairy Queen already entered the market.

Although so many foreign companies already entered the market, is the market still controlled by Vietnamese companies (Euromonitor, 2016). In the leading position in the Vietnamese ice-cream market is the Vietnamese Kido Group with their two brands Celano and Merino, which hold 35% market share. They are followed by Vinamilk and Thuy Ta.

The market is divided into two market segments due to the rapid and strong penetration of foreign brands into the market. Brands who play in the high-end segment are more expensive (Chi, 2017). A 100ml jar of ice cream from one of the high-end segment companies cost never less than 50.000-70.000 Vietnamese Dong (VND). Meanwhile, South Korean and Thai brands mostly target lower income and the mid-end market segment. These products are usually available in supermarkets and convenience stores for between 12.000 and 20.000 VND.

Wall's, which is in the leading market position of Vietnam's neighbor countries Indonesia, the Philippines and Thailand, advertise their products with their expertise in both globally and regionally markets. All their products are placed prominently in all the leading shops in and around the hotspot cities. In addition to that, Wall's try to show their sustainability of their business in their advertisement (Tu, 2011). Wall's sell many different ice-cream flavours.

Baskin Robbins sells in addition to 31 flavors in a box or waffle also cakes and drinks and is also

very popular in the urban areas of Vietnam. A small box of ice-cream is 22.000 VND for students, which is less than one Euro (Baskin-Robbins).

Häagen-Dazs sells their 100ml ice-cream box for 68.000 VND and has 13 different flavors. Moreover, Häagen Dazs also sells shakes (Häagen-Dazs).

Problem is the integration to Vietnamese ice cream market and to answer to the question, should Ben&Jerry's integrate to Vietnamese market or not?

The subject of the topic is Ben&Jerry's ice cream company and its strategy of integrating to Vietnamese market.

The goal is to create a strategy for Ben&Jerry's company for integrating to Vietnamese ice cream market by analyzing secondary data and based on the results of the survey.

Thailand in comparison to Vietnam

As Ben & Jerry's opened in Thailand in 2016 and because we thought that the Vietnamese market and the Thailand one could be similar to each other, we decided to compare the two markets to analyse how the brand got into Thailand and in what extent it has been efficient.

The Thailand market of ice cream is expected to grow annually by 6,1% (CAGR 2017-2021), meaning half of the Vietnamese one (Ken Research, 2016). The consumer basis is already more established with an average consumption per capita standing at 0,5kg in 2017 so the dynamism is lower. As we saw previously that the Vietnamese market is turning its attention toward foreign brands, Thailand already did. Unilever, mainly with Magnum, (United States) and Nestle (Switzerland) are the major leading players in the market (GlobalData, 2017), competing with local brands as Chomthana Co. Ltd or F & N Foods Pte Ltd

The Thailand market emphasizes on the general well-being, nevertheless as the market for foreign brands is getting mature, the Natural Healthy criteria is turning more and more important. The rising health consciousness amongst consumers in Thailand could be a threat for sales performance of ice cream.

Since the integration of Ben & Jerry's in Thailand, Unilever Thai Holdings Ltd has witnessed the strongest gain in value share in ice cream market in 2016 reaching 61%, consolidating its leadership in ice cream. Unilever Thai Holdings Ltd's established presence and wide distribution network and also sustained consumer interest in its brands since people trusted them for their quality, while they were too widely available.



Figure 1. Social Media advertisement of B&J's

Source: Ben & Jerry's (2017). Ben & Jerry's Franchise Opportunities

When looking at the way of communicating about their brand (see Figure 2 – Social Media advertisement of B&J's) in that new market, we can see that Ben & Jerry's is using the same style of advertisement as everywhere else (drawing, funny, cows) and the same colours, same layout, same font but also integrate some traditional local attributes (Scooter). They also highlight the fair trade logo and the variety of flavours which seem to be some very important attributes for the local market.

Survey

The survey we conducted has been answered by 90 people from Vietnam. Most of the people who participated the survey were female ($\frac{2}{3}$ of the pool) between 18 and 25 years old (s of the participants). Thus the study is limited to a certain part of the society that we have been able to reach with our communication channels, as the big amount of student (64%) and people with no children (95%) shows.

The participant's repartition in Vietnam closed to equal so there is no geographical bias. It seems that the ice cream consumption habits are very close between the south and the north. The questionnaire is divided into two parts, the first dealing with the general consumption habits, and the second one about the interest people have in the Ben & Jerry's brand.

About the Ice Cream consumption habits

The first interesting result to mention is that 100% of the participants eat ice cream at least once a year. It is possible that only people interested in the ice cream market answered the questionnaire but we didn't mention any restriction while sharing it so it is not very likely. $\frac{1}{4}$ of the participants eat very few ice cream during the year, meaning less than once a month, and on the opposite side $\frac{1}{3}$ are big consumers with more than once per week.

To the location where people like to consume ice cream, it is interesting to see that people prefer are divided into two big parts between at home and outside with a little advantage of 8 points for outside. But what is more interesting is to see that people didn't choose the 3 detailed options: events like a festival (4,4%), cinema (1,1%), beach/pool (1,1%) meaning that maybe people prefer to be more general with a general "outside" assumption or that they don't eat at all ice cream in those kind of places. Anyway, Vietnamese people do not associate ice cream with one particularly place other than home (37% of the participants). A few spontaneous answers also mention Ice cream bars which was not in the options.

How often do you eat ice cream?

90 réponses

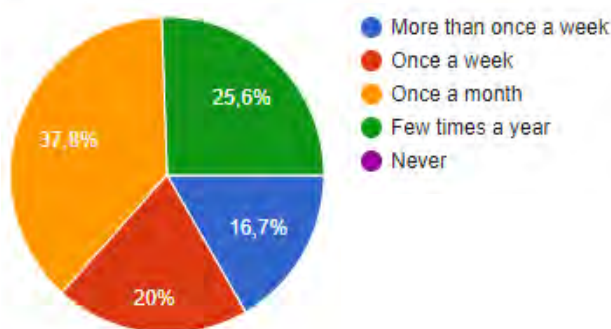


Figure 2. Ben & Jerry's Survey results – How often do you eat ice cream?

Source: The figure was created by author

That is important to notice because ice cream bars are a good vector of identity for the brands.

When considering the spontaneous awareness of brands, we noticed that 5 brands are stand out of the competition with 10% or more of answers mentioning them: Wall's (18%), Ben & Jerry's, Baskin Robbins, Merino, Haagen Dasz. The two first, Wall's and Ben & Jerry's are two brands from owned by Unilever (USA). Baskin Robbins is owned by Dunkin' (USA) while Haagen Dasz is owned by General Mills (USA).

Thus, we can clearly see that American brands seems well implemented in the Vietnamese market. The only Vietnamese brand from this Top 5 is Merino, with 10% of participants mentioning it. Yet, we didn't ask about the current location of the survey participants. There is a possibility that some of the survey participants have become aware of the American ice cream brands while being abroad.

Ben and Jerry's appears in 12% of the answer, making Unilever's brand the clear leaders of the Vietnamese awareness (30% cumulated). Some Asian brands come after this top 5 with a 5% of brand awareness: Trang Tien and Celan, respectively Vietnamese and Cambodian. Other brands like Swensens, Movenpick, Fanny, Morico lag behind with less than 2% of spontaneous answers.

The favorite flavours are very classic according to our survey. Chocolate (18%) and vanilla (7%) are coming in first, followed with a second pool of

Where do you like to eat ice cream?

90 réponses

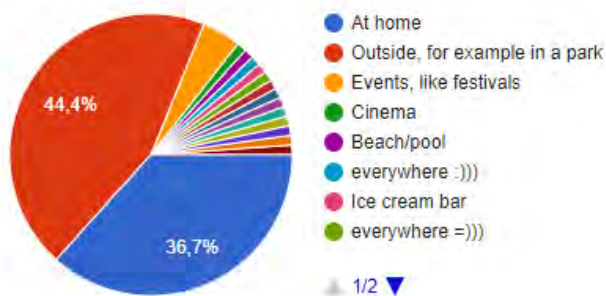


Figure 3. Ben & Jerry's Survey results – Where do you like to eat Ice Cream

Source: The figure was created by author

common flavours like Strawberry (4%), mint chocolate (3%), coconut milk (3%) and Strawberry cake (3%). It is interesting to mention that well known Ben & Jerry's flavours are mentioned spontaneously: Strawberry cake and Cookie Dough (2%).

It also worth to noticing that 30 different flavours has been answered (among them; red beans, matcha, candy...) proving the large potential of appreciation of the Ben & Jerry's original flavours in Vietnam.

We find out this result again when asking the three qualities appreciated in an ice cream. Before attributes of the brand (environmental, nationality, media presence), the most important for Vietnamese people is the flavour selection (82%) as well as the quality and price, meaning the ice cream itself when having to pay for it. The non-Vietnamese origin of the brand should not be a problem for Ben & Jerry's as proved by the only 6% of people who care about the localness of the product.

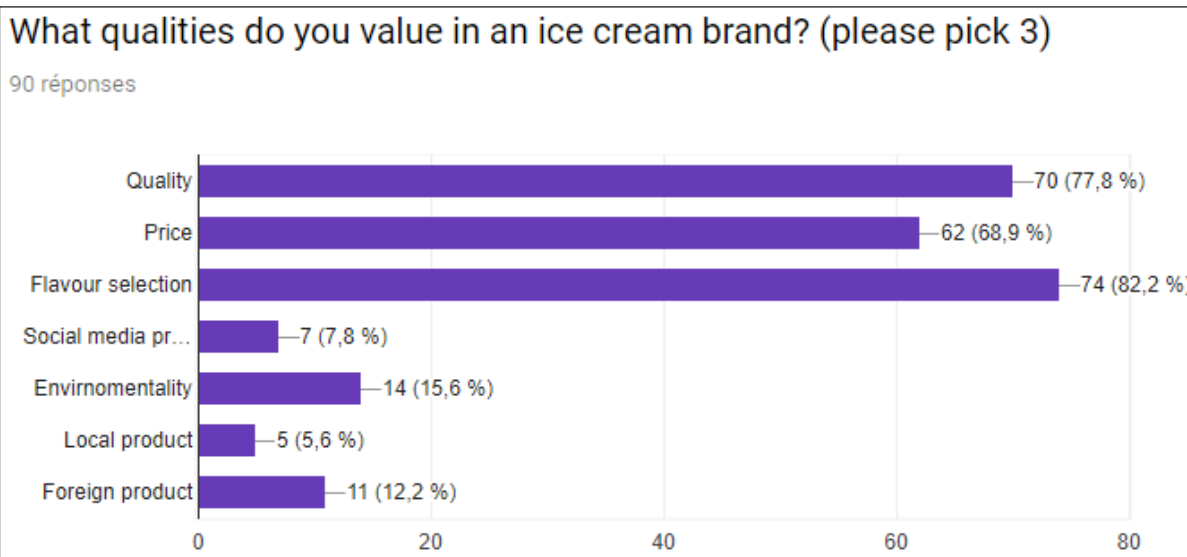


Figure 4. Ben & Jerry's Survey results – What qualities do you value in an ice cream brand?

Source: The figure was created by author

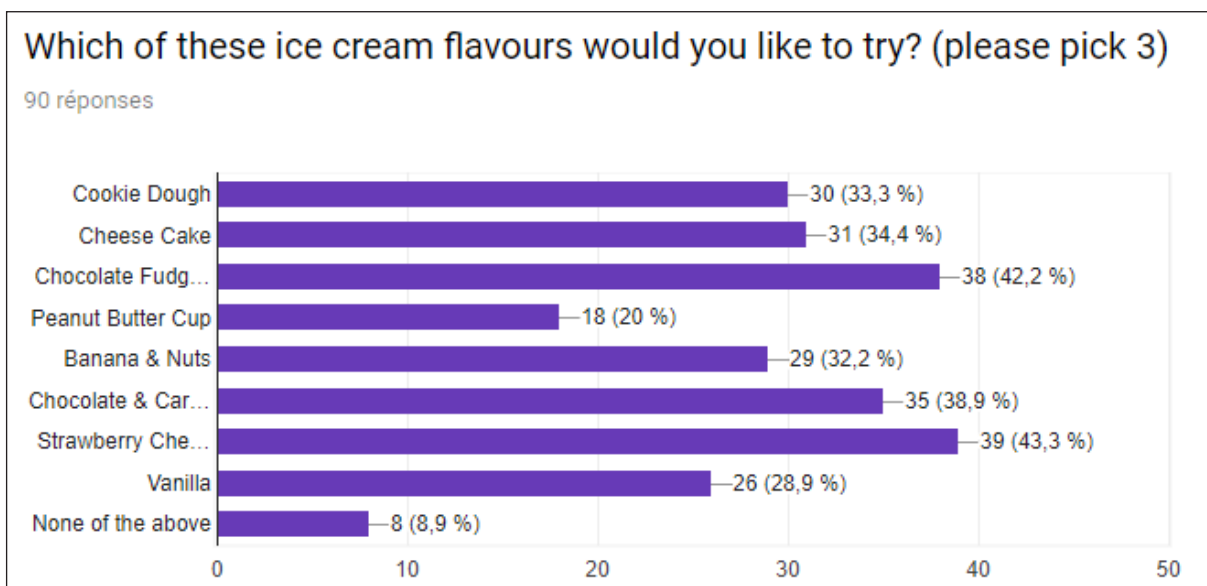


Figure 5. Ben & Jerry's Survey results – Which of these ice cream flavours would you like to try?

Source: The figure was created by author

About the Ben & Jerry's brand

We tried to find out the flavours which would be interesting for Vietnamese people to experiment, before letting them know there was only Ben & Jerry's flavours.

The wish to experiment new flavours is well divided between a top 3 as following: Strawberry Cheesecake (43%), Chocolate Fudge Brownie (42%) and Chocolate and Caramel (39%).

A second group gathers Cheesecake (35%), Cookie Dough (33%) and Banana and nuts (32%), which are very particular flavours of Ben & Jerry's. Vanilla and Peanut Butter Cup are lagging behind with less than 30%.

It is interesting to see that Chocolate flavours are still in the first positions while Vanilla is dropped compared to the flavours the most appreciated. Moreover, we can suppose that very well-known flavours like Cookie Dough and Strawberry cheesecake have already been tried by participants, creating a bias in this question. Actually, 56% of the participant already knew Ben & Jerry's before the survey. Thus, it is possible that some of them already tried one of those two very well-known flavours but wouldn't necessarily try them again. However, 100% of the poll is willing to try Ben & Jerry's ice cream.

Finally, when precising what Ben & Jerry's is about and asking spontaneously how much people would be ready to pay for eating it, the variety of results gets very large, from 1€ to 15€. To stay easily understandable, we didn't mention in the question which kind of ice cream or which quantity so it is likely that the results were misleading but it is still interesting to notice that 28% of the participants may pay more than 5€ (approx. 100 000 vnd) for a Ben & Jerry's ice cream, 30% would pay 4-5€ (approx. 90 000 vnd) and another 30% would pay 2-3€ (approx. 50 000 vnd), proving that people don't really know in what extent this kind of brand can be expensive or not. However, it seems that the attributes of the brand fastly explained as well as the names of flavours give a good insight about the high quality of the ice creams.

Conclusions and Recommendations

In this chapter we are concluding our research and giving Ben & Jerry's advice on how they should enter the Vietnamese market.

Culture

In order to give solutions to the cultural problems facing American companies in the Vietnamese market we need to identify the most critical cultural elements between the US and Vietnam. Hofstede's cultural dimension theory was used when analyzing these two countries and with the help of the analysis we will identify the issues facing them. 4 problems can be identified.

1. The concept of face
2. The American masculinity
3. Trust
4. Hierarchical structure

We already talked about "losing face" before, but in the other side of the spectrum there is "building face". This naturally the complete opposite of losing face. When someone is building face he is making someone feel good in front of others. Typically Americans should stay away from everything that can cause loss of face. These kind of activities can be: shouting, paying on behalf of the host

and accusing someone of lying. Knowing about the concept of face is crucial when wanting to expand to Vietnam. A little research and good manners go a long way. (The Vietnam Guide, 2012).

Secondly, there are significant problems associated with the American masculinity (Kohl, 2007). This culture gap can be seen e.g. in advertising. In the US it is more than common to taunt the competitors with different marketing efforts. Also highlighting your own superiority is common, but in Vietnam this is extremely rare. Mocking your competitors doesn't come to question, because this is seen as loss of face.

Also, stereotypically, Vietnamese people are seen as humble people, whereas Americans are seen as overconfident and forward. These qualities don't necessarily mix in well together and can cause friction between the cultures. Like mentioned in the culture chapter, the two countries have different motivators. Where Americans want to succeed and stand out from the crowd, the Vietnamese want a job they like and to be like the guy next to them. In the end, it all comes down to trust.

The most important cultural element and the one that can make or break a deal is trust. This is hugely connected to the individualism dimension. Like mentioned previously, Vietnam is a collectivistic culture and the US is individualistic. This means that loyalty is everything for the Vietnamese people and strong relationships are formed because of this (even in the business world). The US represent the other side of the coin. It is said that Americans get along with almost everyone, but friendships are rarely formed.

Nevertheless, trust is by far the most important thing when trying to penetrate the Vietnamese market. Before expanding, the American companies should form relationships with their Vietnamese counterparts. It is essential that proper networks and relationships are established before starting operations. This fights against the "I want results and I want them now" attitude of the Americans. Katrine Sypli Kohl (2007) used a great analogy in her paper "Americans doing business in Vietnam: Communication differences" about the phenomenon: "The Vietnamese have a saying that goes: "If you want good tasting food, then boil it well." The same can be said of doing business in Vietnam. The saying highlights the difference between a Vietnamese "slow-cook" business culture and an American "fast-food" business culture where time is money, and meetings are for getting down to business".

A lot of things are affected, because of trust and the individualism dimension in general. Vietnamese rarely put importance on contracts, because they feel like their good relationship will deal possible future differences etc. The Americans are completely different in this aspect. American companies usually cast complicated contracts that cover almost everything. If something goes wrong, people look answers from the contract not from the relationship. This is why many Vietnamese companies are even afraid of American companies. There are many cases where Vietnamese companies have been sued by the American companies for whatever reason. Going to court for Vietnamese company can be really damaging, because it is seen as loss of face. This is one thing that the Americans should take into consideration.



Figure 6. Ben & Jerry's Consumer Demographics

Source: InfoScout (2015) Ben & Jerry's Consumer Insights

There has actually been a shift in culture in Vietnam and it is largely because of the country's age structure. The population is relatively young and 30(ish)-year-olds are the clear majority in the country (Central Intelligence Agency, 2017). That's why the old cultural business habits have changed, and now trust is normally build over a nice dinner, when before drinking tea in a business setting was the way to go. All in all, all foreigners need to be aware of the trust aspect of the Vietnamese culture and act accordingly.

The last element is called hierarchical structure. Like mentioned previously, Vietnam is much more hierarchical than the US and this can cause cultural mishaps (Kohl, 2007). Vietnamese like to know who they are talking with in relation to rank and status. That's why they feel extremely uncomfortable dealing with business matters on the phone. Normally the Vietnamese like to handle business face-to-face, so they can see the person they are speaking (and make their conclusions about rank/status). But it also comes down to the trust again. Vietnamese see almost everything as a team spirit/friendship building exercise and that is why physical presence is important to them.

Entry mode

According to the survey, Vietnamese people seem to like to enjoy their ice cream outside

(44,4%), we conclude that they like to purchase their ice cream from a kiosk. At the same time, 36,7% of the participants said that they would prefer to have their ice cream at home, which suggests that these people like to buy their ice cream from a supermarket. The missing less than 20% gave miscellaneous responses, but most of the places being such where you would buy your ice cream from a kiosk.

As Ben & Jerry's is more of a luxury product, the prices would be high even if bought from a supermarket, and price seems to be an important factor for Vietnamese consumers (nearly 70% of the survey participants thought price is one of the most important factors they value in ice cream). From the results of our survey we conclude that the best way to penetrate Vietnamese market for Ben & Jerry's is using franchising entry mode. This means, that we recommend Ben & Jerry's to start by founding a kiosk or two first instead of start selling ice cream in the supermarkets. Franchising mode is used in other countries as well, and therefore they already have a well-functioning franchising operations system (Ben & Jerry's, 2017). Later on, when there is more awareness of the product in the market, we recommend adding a limited selection to supermarkets, including the most interesting flavors.

ЕКОНОМІЧНІ НАУКИ



Figure 7. When is Ben & Jerry's Purchased?

Source: InfoScout (2015) Ben & Jerry's Consumer Insights

Target market

Ben and Jerry's target market varies from young to old and as they always try to show, their aim not to discriminate their consumers by age, gender, race and economic status (Infocount 2015). First of all, for selecting the right target for Vietnamese market, we need to understand the main customers of the company in general. Based on statistics, we found that the main consumers of Ben and Jerry's are mainly males in comparison to women with the 57% to 43% respectively.

Regarding the age, the majority of Ben & Jerry's customers are 24 years old or younger, and the second highest user group is the 24-30-year-olds (Infocount 2015). We also noticed that people without kids formed the main part of the data. With ethnicity and income of the consumers, surprisingly there was not a significant difference between numbers and all of them were pretty close. Also, there was not obvious connection between college and non-college degree.

According to the data, people prefer to buy Ben and Jerry's products mostly during the weekends, and the sales decrease during the weekdays. As we can see, people mainly prefer to buy the product in the evenings with the leading number of percentage 41.3%.

If to compare this data and the numbers of the survey which we have done, you can see that the results are not that different in some points but they do exist. Based on our surveys result in Vietnam, Ben and Jerry's main consumers will be population between 18-25 and as we understand for that kind of expensive brand, probably for affording it the target group should have a job and most likely that young generation between these ages are more into following the brands. Furthermore, they pamper themselves with sweet more often. We also have a ground to mention families which basically prefer ice cream mostly thanks to their children, who would buy for their children low quality product? Also, survey gave us the information that 1/3 part of them are eating an ice cream quite often; once a week. We think it is because of the climate in Vietnam which is mostly during all the year not less than 15°C degrees. With the target for advertisement there won't be an issue cause product of Unilever were the most popular ones and if to be exact Ben and Jerry's was second.

One of the credos of the company is quality of their product, which Vietnamese people appreciate and voted for quality and furthermore, the flavor, which are the strongest sides of the company (Marketingreports, 2016). Only issue will be the price for Vietnamese market which nevertheless, still prefers the quality.

Lower-priced competitors are into mass marketing while premium priced ice creams makers have followed a niche strategy to target that one single segment consisting of affluent upper-middle to upper class segment (Boone, 2016). Ben and Jerry's use a few main segmentation bases for dividing their market, namely, demographic, socio-cultural and psychographic. Under demographic segmentation, they focus on the income bracket of consumers. Their products are mainly aimed at the affluent with higher disposable income to spend on frivolous luxuries like super-premium ice cream.

Recommendation is going to be that they should concentrate on young generation and places where could be easier for them to get access to the Ben and Jerry's as universities, colleges, dormitories and etc. Also, the main flavor choice should be given mostly to chocolate, cheesecake variations and cookie dough as an exact example. As the company supports healthy lifestyle and tries to be environmentally friendly, for Vietnam which is popular between tourists thanks to its nature Ben and Jerry's could be supporter in that case by using its corporate reputation and also most of the tourists know the brand already which would also be a big advantage. Everyone who took part in survey mentioned that have already tried or would like to try Ben and Jerry's which shows the potential and the interest of the chosen target market to product.

Limitations of the research

It was able to get several responses to the survey, but the sample is rather limited as mostly young students answered the survey.

The survey participants were found via Facebook, where we shared the research to our Vietnamese friends and asked them to share it with their friends. This explains the limitation of the sample, as we mostly know Vietnamese people who are around our age. Another factor is, that on social media it's easier to find young people rather than old. There is also a possibility that most of the people who answered the survey do not currently live in Vietnam, which might affect their perception of Ben & Jerry's. Unfortunately, we did not include a question about current country of residence into the survey.

Without our Vietnamese member, we were also unable to translate the survey into Vietnamese. This might also have an impact on the sample group as it is possible that younger or older people possibly didn't have the language skills to answer the survey. It would also be possible that, due to language skills, some of the questions were misunderstood.

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