

Ben & Jerry's SWOT Analysis

Prepared for
Ben & Jerry's Executive Board
CEO, Departmental Vice Presidents

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Problem

This study was designed to analyze the recent decline in revenue within Ben & Jerry's. Specifically, the study seeks answers to these questions:

- What does the company do well?
- What can the company improve upon internally?
- Which situations can the company take advantage of?
- Which situations should the company avoid?
- Based on this information, what strategies or processes do you recommend occur so the company can capitalize on its strengths and opportunities while minimizing weaknesses and threats?

Background

The executive team of ice cream producer Ben and Jerry's commissioned a SWOT analysis to uncover the underlying reasons for loss of revenue. Before developing a plan to increase revenue again, the executive team requested a report providing the company's strengths, weaknesses, opportunities, and threats. Members of the executive team also invited the recommendation of any strategies or processes that will allow Ben and Jerry's to capitalize on its strengths and opportunities while minimizing weaknesses and threats.

For those who are unfamiliar with Ben and Jerry's is a multinational producer and distributor of high end ice cream. Founded in 1979 by Ben Cohen and Jerry Greenfield, the company has grown exponentially until now. The company has a devoted social responsibility program, using its ice cream flavors to make subtle statements, such as support for Obama or activist movement Occupy Wall Street. The firm also donates 1.1 million dollars of pre-tax revenues to charity, and recently implemented green production practices.

The now Unilever brand is based in Vermont and produces nearly 75% of products in the cities of St. Albans and Waterbury employing 600 people in the state. The remaining 25% is split between Nevada and the Netherlands, supplying the west coast and European markets. Due to the ice creams high cost, the largest markets are on the east and west coasts and large college towns.

In recent years, corporate owner Unilever, has put in place a number of business

initiatives that have affected the Ben and Jerry's workforce and management structure. Is this the reason for decreased revenues? Are the Unilever executives too out of touch with the brands operations needs to make direct decisions for the firm?

Data from this report will come from any financial statements made public by Ben and Jerry's and their corporate Owner Unilever. Studies and articles from credible sources will also be observed while compile information and making a recommendation for the Ben and Jerry's executive team.

Discussion of Findings

The result of this research is divided into four categories: weaknesses, threats, strengths and opportunities.

Weaknesses

Among the weaknesses of Ben & Jerry's is that the managerial initiatives put in place by Unilever at Ben & Jerry could be the source of the declined revenue in a number of ways. First, the conviction of Mr. Stuart Wiles, a former Chief Financial Officer, for embezzlement of over \$300,000 was public relations disaster. This exposed the management structure of Ben & Jerry's negatively.

The high profile change of their major eggs supplier Michael Foods in 2006 for mistreatment of chicken was not conducted with professionalism. The Humane Society may have amplified their concerns in addition to skeptical customers. The egg supplier change and embezzlement occurred at the same time, worsening Ben & Jerry's reputation.

These two issues point out that Ben & Jerry's lacked clear, visionary and high professionalism based on sound management practices. It gave the impression that they were not considering the consequences of their business decisions, which is the exact opposite of what they aim for.

This is evident from the facts that Ben & Jerry's increased their debt burden by 45% in 1993 by reinvesting on equipment and property. In 1993 & 1994, Ben & Jerry's cost of sales, marketing, and administrative infrastructure rose by 28% from \$28.3million to \$35.3 million. This was 2.2%increase in relation to total sales, from 20.2% in 1993 to 24.4% in 1994. To keep up with competitors, they took a huge capital lease to automate

their production. Ben & Jerry's changed their focus from important business matters to social responsibilities, which increased their overheads.

Threats

The major threats that Ben and Jerry's faces involve economic threats imposed by other ice cream producers, "froyo" producers, and the rise of health related threats in society. Ben and Jerry's main competitors such as Nestle, Kraft Foods, and Dean Foods compete in prices, however Ben and Jerry's has an edge with a variety of creative flavors. Grocery store brands can lower their prices to give them a comparative advantage over Ben and Jerry's whose prices average about \$3.50 per pint. Grocery stores sell their brand ice cream more effectively because they also use in-store tactics such as product placement techniques and bargain deals with other products. Dreyer is the company responsible for Ben and Jerry's distribution operations; however Dreyer also works with Nestle.

Ben and Jerry's also face threats regarding common health issues. Diabetes and obesity negatively impact the demand for ice cream, however with critical adjustments Ben and Jerry's stayed productive with the development of frozen yogurt, a low fat ice cream, and less harmful products.

E-coli is a bacteria that breaks down foods in your intestines but if it enters the bloodstream it can cause serious illness. E-coli is another threat towards Ben and Jerry's because E-coli is commonly spread through cattle based products. Cattle feed is becoming more costly which is upping the cost of milk. There is a high milk demand with a low milk supply which poses another threat on the ice cream business.

Strengths

Ben and Jerry's throughout the years has been known as a prestigious, established, successful, global operation with sales in USA, Europe, and Asia. They are synonymous with social responsibility and environmentalism. For example, its products are packed in unbleached cardboard containers. The company also sells its colorfully named ice cream, ice-cream novelties, and frozen yogurt under brand names such as Chunky Monkey, Phish Food, and Cherry Garcia. It also franchises some 750 Ben & Jerry's Scoop Shops worldwide. Because of these original names and flavors in 2009 Ben and Jerry's Chunky Monkey ice cream flavor was named in a top ten list of the best ice cream in London.

Ben & Jerry's also donates a minimum of \$1.1 million of pretax profits to philanthropic causes yearly. The company sponsors PartnerShops, which are Ben & Jerry outlets independently owned and operated by nonprofit organizations such as Goodwill Industries. The company is also involved in other good causes, including global warming, gun control and saving family farms. In 2007 Ben and Jerry's co-founders, Ben Cohen and Jerry Greenfield were asked to join Lance Armstrong in speaking about clean technology and alternative energy at the Ernst and Young national entrepreneur of the year awards.

Ben and Jerry's were bought by consumer products manufacturer Unilever in 2000, but were still able to retain their social responsibility platform and kept both co-founders closely involved with product development. Their brands complement rather than separate themselves from Unilever's existing ice cream brands. In 2008, their market share was second only Haagen-Dazs who had a 44% market share while Ben and Jerry's had 36%. This was achieved in spite of a premium price point. The premium price of the product was supported by a high quality image, and high quality products.

Opportunities

Out of an old gas station in Vermont, Ben Cohen and Jerry Greenfield molded Ben & Jerry's into a successful international premier ice cream company. Staying true to its initial "humanitarianism and philanthropy" strategy, Ben & Jerry's has expanded globally through its popularity in political and social involvement. Ben and Jerry focused on making a strong sense of community within the company. For example, Cohen had subordinates evaluate their supervisors with constructive feedback. When the company continued to expand, new low-level employees were necessary. This was difficult for the founders because the new employees tried to push the company into a traditionally run business, completely opposite from Ben and Jerry's original strategy. Innovation has been vital to Ben & Jerry's ever since the opening, but they always try to stay true to their beginnings. (Entrepreneur.com).

In order to keep Ben and Jerry's running innovation must be present in the company like it was in the 1980s. Finding new ways to outreach to customers and even employees is vital for a company's success. The opportunity to innovate is available, it just depends on the consistency of Ben & Jerry's being present in the customers mind. The solution to our problem is social media.

Our company is now facing revenue losses. In order to reinvent Ben & Jerry's reputation of a successful business innovation is essential. With technology rapidly evolving, Ben

& Jerry's must expand its business through social media. Social media is an opportunity most businesses are taking in order to outreach to their customers as an additional medium. A customer could utilize the Facebook page to find where stores are located and contests to participate in. Ben & Jerry's also has a Twitter and Instagram account. While having the accounts is a reliable way to outreach to customers, Ben & Jerry's does not utilize their accounts effectively. On the Ben & Jerry's Facebook page, the last post was August 16th, 2012. Other businesses post daily, having their brand regularly broadcasted for its customers to see on their feed (Ben & Jerry's).

In the article, *Ben and Jerry's Scoop on Crowdsourcing*, on ideaconnection.com we are reminded of an example of a successful opportunity that Ben & Jerry's took. The opportunity was the "Do the World a Flavor" crowdsourcing contest. This contest had customers come up with a new flavor while simultaneously "raising awareness for fair trade ingredients which Ben & Jerry's will use in all of its ice creams by 2013." The contest involved the customers and raised interest for the new flavor (Ben and Jerry's Scoop in Crowdsourcing).

Conclusion and Recommendations

Analysis of weaknesses, threats, strengths and opportunities has lead the researchers to the following conclusions and recommendations about the recent loss in revenue:

1. Ben & Jerry's changed their focus from traditional business to social responsibility. Ben & Jerry's needs to find an equilibrium between a business focus and a social focus. While focusing on social involvement is beneficial for reputation, a business focus is necessary in order to increase revenues.
2. Seeing that Haagen-Dazs still controls the majority of the market share, Ben & Jerry's should lower prices in order to broaden their financial spectrum of buyers while still maintaining profits.
3. While Ben & Jerry's has over 750 locations worldwide, there are still parts of the world just itching to get their hands on their delicious and environmentally conscious ice cream. Expansion is an imperative if they wish to broaden their horizon and increase profits.
4. Ben & Jerry's must conduct more contests and participate consistently on the social

media pages in order to turn around the recent loss in revenues.

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