Ben and jerry’s ice cream

A SWOT analysis is a useful technique to understanding your strengths and weaknesses and for identifying both the opportunities open to you and the threats you face. Used in a business context, a SWOT Analysis helps you carve a sustainable niche in your market. What makes SWOT particularly powerful is that, with a little thought, it can help you uncover opportunities that you are well placed to exploit. By understanding the weaknesses of your business, you can manage and eliminate threats that would otherwise be unknown.

When assessing the strengths of Ben & Jerry’s, the high quality of the product is certainly a crucial factor for success. Using natural ingredients and upholding a sustainable corporate concept leave a good impression on customers. Since higher quality ice cream generally costs more, Ben & Jerry’s has incorporated product differentiation in its general corporate strategy in order to command a higher price. The use of all natural, high quality ingredients and the innovative flavors of Ben & Jerry’s ice cream illustrate the strategic use of product differentiation to gain a competitive advantage in the ice cream market.

Since inception the company has sold its ice cream, ice-cream novelties, and frozen yogurt under distinctive names such as Chunky Monkey, Phish Food and Cherry Garcia. By keeping in touch with customer preferences, Ben & Jerry’s continues to add to their wide variety of flavors of ice cream and frozen yogurt. Furthermore, there are currently over 750 Ben & Jerry’s scoop shops worldwide, showing that business is good and strong. Ben & Jerry’s strengths include having a well-established brand, being socially responsible and promoting environmental and social activism. The founders eliefs in social responsibility have not only earned them brand loyalty, it also has saved the company a lot of money by providing free marketing through media coverage of social events.

This is another strategic move to strengthen competitive advantage. Ben & Jerry's has made substantial efforts to gain a favorable reputation and image with buyers through its frequent promotional campaigns, donations to social causes, and the use of eco-friendly products. For example, they have a good environmental conservation strategy, which they integrate well with their corporate strategies giving them a competitive advantage.

Ben & Jerry's environmental goals as a company are to minimize its negative impacts on the environment; promote sustainable farming and safe methods of food production that reduce environmental degradation; and use its business as a medium for environmental and social change. There is an ever-present culture within Ben & Jerry's environmental awareness and interest in " going green". In implementing its strategy, Ben & Jerry's has worked to ensure that every employee is involved and that values are shared throughout the company.

Efforts are made to make sure that the Board of Directors and CEO are fully informed about pertinent environmental issues and are fully responsible for environmental policy. For example, in 2007 Ben and Jerry's co-founders, Ben Cohen and Jerry Greenfield were asked to join Lance Armstrong in speaking about alternative energy and clean technology at the Ernst and Young national entrepreneur of the year awards. Although, Ben & Jerry's was acquired by Unilever in 2000, the company keeps Cohen and Greenfield closely involved with product development.

In 2009, Ben and Jerry's announced plans to roll out the country's first HFC-free freezers that do not emit harmful chemicals into the atmosphere. Ben & Jerry's focus on employee satisfaction is another strength for the company. The company's devotion to employee satisfaction is one of the causes for the company's low employee turnover rate of 12% based on the 2009 SEAR report. A low turnover rate impacts learning efficiency, training cost, and employee commitment. Longer employed workers are more likely to understand the production process and suggest improvements.

The lower turnover rate also results in a better reputation of the company in terms of the working environment. This gives the company the opportunity to choose from a wider range of potential applicants. Ben & Jerry's base their product development and market research on current market trends. For example, the non-fat ice cream and fat-free yogurt market in the U. S. is growing due to today's health conscious societies. In addition, the super-premium ice cream market in Europe and Asia are still underdeveloped in terms of presence of such items and /or brands.

These are the new markets that Ben & Jerry's can take advantage of to increase their production. Weaknesses For a business to succeed in the global economy there is a lot of detail that needs to be addressed. This falls directly on upper management and them making the right decisions and realizing what is right not only for the company but for their employees. They all have an important part within a company and if any one of these things fails then most likely the business will take a hit and could potentially costing the company to go under.

Weaknesses can create a serious problem within the company, it can range from employees stealing from the company, and company suppliers find themselves breaking the law and pay the debt by fines, imprisonment, to bad public relations. Ben & Jerry's ice cream, which was started by fellow childhood friends in 1978 in Vermont in an old run downed gas station, which has became a multi-dollar corporation (Ben & Jerry's Ice Cream). Employees play a very important for a company to survive. Management has to make some difficult decisions to make the company run and sometimes they work and sometimes they fail.

Ben & Jerry's management has been very productive and know what they are doing, but have had their share of legal problems. The Chief Financial Officer Stuart Wiles was convicted of embezzling over $300, 000 during his time from 1990-1994 and was sentenced to 27 months in prison (Tamb). Furthermore, Ben & Jerry's sued Haagen Dazs' parent company, Pillsbury, in 1993 when they " refused to allow its distributors to carry Ben & Jerry's ice cream" (Newsweek Magazine, 1993). Ben & Jerry's started as a small company and sometimes this is what draws people to their brand.

Cohen and Greenfield started the company with $12, 000 and built it into a global business that brings in millions of dollars a year. In April 2000, Unilever purchased Ben & Jerry's. Unilever, which has 225, 000 employees, kept all 735 employees at Ben & Jerry's (McQuiston 2000). Unilever has multiple products that they provide from food, health products, to household items, they have very little experience with food so when they purchased Ben & Jerry's they let the Board stay on which would have been the right thing to do.

If Unilever had brought in their own management this could have created a situation that they could of lost money due to the new ownership not knowing the Ben & Jerry's style of business style. The Food and Drug Administration (FDA) has set standards for all food products to ensure that they are safe for consumption. All food suppliers have to depend on other companies to supply ingredients to make their product and this can and will create lots of problems. Some of the ingredients in cream are milk, butter-fat, eggs, cocoa, chocolate and other additions as juice, fruit and nuts (Tomas).

Without any of these ingredients you can't make ice-cream and you wouldn't have a very good company. If there are shortages, droughts, or recalls, the companies have to pay higher prices to procure the items then the customer with have to pay the price in the end. Believe it or not, bees do more than just making honey, they do their job of pollinating crops, which is used in ice-cream such as beet sugar and almonds to name a few (Edmonds). One major ingredient, milk, any shortage or monopoly on the industry would drive prices higher which can happen at any time.

Companies like Borden, Dean Foods and the Dairy Farmers of America have joined forces to create a huge monopoly in order to drive prices and control the market (George). Eggs, are another ingredient which when there is a recall or a shortage the whole food industry suffers. Usually when there is an egg recall it is due to salmonella which one egg plant for instance, recalled 400 million eggs, which when it is in demand the prices go up in the short term. After an egg recall it takes the market about six to eight weeks to sort it all out and to get the supply chain up and running (Egg Shortage boast Production at a Lake Park Egg Plant).

Along with eggs and dairy if there would be a monopoly on sugar this would not only cripple the ice-cream industry but candy manufacturers, bakery products, syrups, and preservatives which would drive up prices which the companies that use sugar would have to pay a much higher price. Many companies buy sugar through long-term hedging contracts to dampen the effect of price hicks, and sometimes pass on price increases to consumers (Commodity: Sugar). In the above paragraphs, weaknesses play an important part with Ben & Jerry's and with the food industry this is at the front of most any other product.

Everyone needs food and when a company has issues, from management, employees, to suppliers, this affects everyone from top to bottom. From management to not doing their jobs, to suppliers not providing the best quality material, to manufacturing or producing not putting out the best product a company, this affects a company in many ways. As the customer, when a company is in the news for any bad reason it puts a doubt in our minds and we ask if they are doing business the correct way and this poses a threat to a company to have to answer for any wrong doing or even doing business with someone who has a questionable practice.

Opportunities Opportunities in a SWOT analysis are the external chances to improve performance in the environment. Like most corporations Ben & Jerry's addresses opportunities on a daily basis. Ben & Jerry's proved to be a great success in the U. S. market; however, their first attempt at globalization was a failure. Although international markets offered opportunities, Ben & Jerry's realized that risks were also inherent in foreign markets. In time, the team became known for their unorthodox style and cultivated image of social consciousness.

While visiting the USSR in 1988, Ben Cohen was approached by a young television reporter, Sergei Lukin, who suggested that the establishment of a Russia-American centre in the Soviet Union might promote peace and cultural understanding (Meadows, 2000). Thus, a goodwill ice cream parlor was conceived, with minimal planning and with great expectations. This was the beginning of Ben & Jerry's expansion into the global market by taking advantage of the opportunity (Leo, 1999). Ben & Jerry's biggest opportunity may rest on future flavors. Ben & Jerry's is renowned for its bizarre, unique, unrivaled line of flavors.

From Chunky Monkey to Chubby Hubby and Cherry Garcia to Banana Buzz they get your attention with the distinguished flavors of their ice cream. Ben & Jerry's must continue to market new flavors by identifying what customers want. By simply listening to the customer they will develop flavors that the customer will buy (Ben&Jerry's. com). Ben & Jerry's seized the opportunity to collaborate with numerous celebrities to develop flavors such as Stephen Colbert's Americone Dream, Willy Nelson's Country Peach Cobbler, and most recently Jimmy Fallon’s Late Night Snack. By joining forces, each side promotes the other, thereby expanding its market.

Another big opportunity for Ben & Jerry’s is the Fair Trade Movement. Fair Trade is a promise to pay a fair price to farmers in developing countries for their harvest. On their end, Fair Trade farmers agree to use fair labor practices, to employ environmentally friendly farming practices, and to invest in their communities (omafra. gov). By being a good steward to your suppliers and developing a reputation of a company that can be trusted and treats people fairly speaks reams about the values of that company and makes people want to purchase from that supplier.

When you hear about companies making a conscious effort to make environmentally sound decisions, to know they care about the earth and preserving it for future generations this makes you want to be a part of this magnificent movement and gives you motivation to purchase a specific product that contributes to this cause (Wherry, 2001). By reaching out and forming Ben & Jerry’s Foundation they award $1. 8 million annually to eligible organizations across the country and in Vermont.

The philanthropy is employee-led by non-management, employee advisory groups who consider proposals and recommend grants. The Foundation administers five grant programs. This is a social opportunity too that increases the awareness of the company and promotes the products of the company. In 1983 Ben Cohen spotted one of Woody Jackson’s cow shirts. The gentle Holstein “ was an image that went with our ice cream” says Cohen, who quickly licensed rights to the design, yet another opportunity that Ben & Jerry's continue to use to market their product to enhance sales.

Who wouldn't want a brightly colored t-shirt with a fine looking Holstein on the front to show off and it was the perfect time to launch the t-shirts when expanding into the urban areas it was just right for " that little touch of country in the city" (Chu, 1989). Threats It has been reiterated throughout this analysis that Ben & Jerry's is committed to upholding a reputation for being socially and environmentally responsible. Over the years, it has proven to be a company with a conscience promoting the Fair Trade movement and instituting the Ben & Jerry's Foundation.

However good their reputation, Ben & Jerry's faces the same threats as all other businesses. They must face the competition, attract and retain customers, and keep costs down while continuing to set the socially and environmentally responsible standard for other businesses to follow. As mentioned in previous segments, it can be hard to make the switch from a small, independently owned business to a cog in the conglomerate wheel. This can cause a small company to lose core values in the transition.

Just as people criticize musicians for going " mainstream", Ben & Jerry's enthusiasts were not happy to see their indie brand procured by " the man". However, Page and Katz (2010) report that the acquisition was not sought out, but rather a result of how " corporate law and the fiduciary duties of directors required its sale to the highest bidder". Many stipulations were made in the buyout contract that would ensure that the core values of Ben &

Jerry’s remained intact and since then Ben & Jerry’s has managed to refute that it “ sold its soul”.

However, there have been other instances since the Unilever takeover that have threatened Ben & Jerry’s alternative style. For instance, only a year after the acquisition, UK marketing chief, Ian Hill, quit Ben & Jerry’s claiming that the “ company’s ads were shifting away from the underdog approach he had championed in the UK” (Arnold, 2001). Whether or not Hill’s resignation was a result of personal indignation for corporate influence, sudden changes such as this threaten the integrity of contractual promises.

How can shareholders trust that Ben & Jerry’s will remain the same if executives are resigning because of changes being made by the new parent company? Investors undoubtedly invest in what they believe in; therefore, if a company makes too many changes to their original appeal, they risk losing current investors and deterring potential investors. This is a serious threat in today’s global economy where businesses vanish overnight only to be replaced by the next big thing.

You must stick to your guns in this world to be taken seriously; so far, Ben & Jerry’s has risen to the challenge. Despite Unilever’s takeover Ben & Jerry’s remains committed to its inspirational mission that “ seeks to meet human needs and eliminate injustices in our local, national and international communities” (Ben & Jerry’s, n. d.). Changes have taken place in the global economy in the past three years that have caused sales to drop in many industries. When a recession hits, as one did in the U. S. in 2008, many people and households cut out luxury items.

With Ben & Jerry’s currently selling pints of ice cream and frozen yogurt in the U. S. for over $3. 00 each, in comparison to a gallon of no-name brand for the same price in some places, it is safe to say that Ben & Jerry’s is a “ luxury item”. Deductive reasoning in this case would lead one to believe that Ben & Jerry’s sales have decreased since 2008; however, no report of such was found. External threats such economic recessions are beyond the control of Ben & Jerry’s, yet how they choose to counteract such threats completely depends on them.

As reported by the Patriot Ledger (1996), rising prices of milk caused Ben & Jerry to increase pint prices by 10 cents in 1996. This led to an expected decrease in earnings per share for the third quarter of that same year (Bulkeley, 1996). Rising costs of materials, or ingredients in this case, are valid threats in any industry. In many cases it is a butterfly effect; for example, the cost of milk cream causes Ben & Jerry’s to raise their prices to wholesalers who in turn raise their shelf price to offset the increase in what they paid.

The ice cream and frozen yogurt industry is a competitive one. Any grocery or convenience store in the U. S. alone will offer numerous brands to choose from. Haagen-Dazs, Breyer’s and Dreyer’s are just a few of the top brands that pose a direct threat to Ben & Jerry’s. All brands are constantly trying to entice consumers into making the switch from one to another. Ben & Jerry’s appeal from the beginning was their variety of flavors that go above plain ol’ vanilla and chocolate, and beyond creations like rocky road and sherbert.

Whereas Haagen-Dazs, who also primarily offer their frozen products in pints, is considered to be the sophisticated super premium ice cream, Ben & Jerry's is the super premium for the artsy, laid-back type. In the past Ben & Jerry's stood out due to their creative concoctions and almost endless mix-in possibilities. However, brands like Breyer's and Dreyer's have entered the mix-in market, partnering with Snickers, Reeses, and many others to meet the demands of consumer taste buds. Consumers will consider substitute products if the price is right and the ingredients are comparable.

It is up to the executives of Ben & Jerry's – or Unilever – to continually create new flavors to deter customers from substituting. In that respect, it is worthwhile to mention the importance that Ben & Jerry's devotees place on the " counterculture with a conscious" reputation that it has promoted since the beginning. In 2010 the Huffington Post reported that Ben & Jerry's had removed the " all-natural" label from their packaging in response to accusations that some ingredients are not naturally derived (2011).

With Breyer's and Haagen Dazs touting that they use all-natural ingredients consumers that are concerned with the ingredients will most likely choose such brands over Ben & Jerry's. Although Ben & Jerry's may be more eco-conscious when it comes to waste disposal at its packaging plants or in its push to develop a " green" freezer than many other food brands, consumer concern about ingesting natural ingredients has increased in recent years. It is imperative that Ben & Jerry's recognize such concerns and base future flavor developments and business decisions on such changes.