Ben and jerry's

Business, Marketing

Ben & Jerry’s Japan Entry: Management Orientation and Recommended Entry 22 September Ben & Jerry's Management Orientation toward Global Expansion Ben & Jerry’s management orientation and view toward global expansion are geocentric because they do not believe that they should leave major decisions to their partners in Japan (polycentric management orientation), and they also do not think that they should be making all decisions in Japan (ethnocentric management orientation). With a geocentric orientation, Ben & Jerry’s management is concerned, for instance, that if it enters Japan through Seven-Eleven, the latter might “ control” Ben & Jerry’s more than the company anticipated since Seven-Eleven is already the company’s major distributor in the U. S. (Hagan, 1999, p. 11). With this concern, it is evident that the management does not want to give complete control to its distributor in Japan because it can result in loss of control over important marketing and management decisions. The management wants collaboration and not to be fully controlled by the distributor or to fully control the latter. Furthermore, Ben & Jerry’s management orientation is geocentric because it wants to maintain its social mission as an important decision criterion in entering Japan. Cohen, in particular, is hesitant in doing business in Japan because it does not fit their social mission, specifically because social missions are not prevalent in Japanese businesses (Hagan, 1999, p. 8). Ben & Jerry’s management approves the custom tailoring of their products, but they do not want to give up important principles and aspirations. Thus, the management has a geocentric management orientation because they want a dispersed and collaborative approach to management, not an ethnocentric or polycentric one. Important

Environmental Factors The two most important environmental factors to consider in entering Japan are the economic environment and the competitive environment. The economic environment is important because a poor economy can directly affect the purchasing ability of ice cream consumers, particularly for highly-priced ice cream. The case noted that the economy of Japan continues to " languish" with no evident recovery in sight (Hagan, 1999, p. 13). The financial crisis depreciates the yen, which can affect the bottom line of the company through higher transportation costs (Hagan, 1999, p. 13). Despite these concerns, it seems that the ice cream industry in Japan continues to grow. The case shows Exhibit 5, Japan's Ice Cream Market Size, where ice cream consumption increased, especially from 1993 to 1995, with no slowing down (Hagan, 1999, p. 17). It is possible that the Japanese will continue to have high demand for ice cream, however intense its economic woes are, or perhaps even because, of economic difficulties. Ben & Jerry's, nevertheless, has to consider the most optimal foreign market entry to maximize revenues, in case Japan's economy slumps further. As for the competitive environment, Haagen-Dazs is a foremost competitor in Japan, as well as other established competitors. These competitors are threats to Ben & Jerry's entry into Japan because they are even larger than Ben & Jerry's. Ben & Jerry's makes $150 million worldwide, while Haagen-Dazs earns $300 million in Japan alone (Hagan, 1999, p. 8). Apart from this international competitor, Ben & Jerry's has to contend with five large Japanese companies that are in the superpremium ice cream business, Glico, Morinaga, Meiji and Snow Brand. All of them have ice cream sales that are three to four times more than Ben & Jerry's and ice cream is only one part of their portfolio (Hagan, 1999, p. 8). This implies that they have the capital, distribution, and marketing resources and systems that can enhance competition in Japan's ice cream industry. Japanese Market and Ben & Jerry's Social Mission The Japanese market and Ben & Jerry's Social Mission are not entirely consistent at the outset. The founders of Ben & Jerry's aim for the company to have a direct input in launching innovations that enhance the quality of life of people locally, nationally, and internationally (Hagan, 1999, p. 2). Their idea of " caring capitalism" includes donating 7. 5% of pre-tax earnings to various social causes (Hagan, 1999, p. 2). Japan, however, does not have the same concept of capitalism (Hagan, 1999, p. 8). Since the management has a geocentric management orientation, the company is concerned of its social mission in Japan (Hagan, 1999, p. 13). However, the social mission is not yet included in discussions with several potential partners in Japan. This paper asserts, however, that Ben & Jerry's has a social mission in Japan, which is to provide the best superpremium ice cream for the Japanese at the best value, so that during these hard economic times, the company can provide both employment and value for their money. Thus, though it may seem that the company does not have an evident social mission in Japan in the same way it has in America, it can relate its social mission to its actual business entry in Japan. Decision for Japan Entry in 1998 On the decision to enter the Japanese market in time for the summer of 1998, the recommendation is yes because the economic conditions may not be entirely pristinely good, but they are enough to suggest a bustling ice cream market. In fact, the economy is not doing well and yet ice cream consumption continues to rise for the past three years, indicating a healthy demand for ice cream. At the same time, because the economy is not doing well, tariffs are being decreased, which encourages investment and exports (Hagan, 1999, p. 7). As for competition, Ben & Jerry’s does not have to worry because it is different from competition. Seven-Eleven noted already that chunk superpremium ice cream is a missing, but in-demand, product in Japan, a gap that Ben & Jerry’s can easily fill (Hagan, 1999, p. 11). Ben & Jerry’s is distinct with its varied new flavors and it also has plant capacity to accommodate customized demands from Japan (Hagan, 1999, p. 4). The company can differentiate itself through its product variety, quality, and branding. On the mode of entry, it is suggested that the company should go with Mr. Yamada because it fits the company’s management orientation, but it should still strive for distribution in Seven-Eleven outlets, if possible. With Yamada, Ben & Jerry’s does not have to worry over giving too much control to Seven-Eleven in general. Yamada can also take care of marketing and distribution, which provides the collaborative effort Ben & Jerry’s needs to ensure enough localization strategies (Hagan, 1999, p. 13). Furthermore, with further negotiation, the company’s social mission can be incorporated into Yamada’s marketing strategy by highlighting the helping approach of the company, where part of the revenues will help local causes in Japan. Furthermore, if possible, Ben & Jerry’s should still try to get distribution with Seven-Eleven because Exhibit 7 shows that most of the growth in sales comes from convenience stores (Hagan, 1999, p. 18). Seven-Eleven can be an ally in selling Ben & Jerry’s products, but without giving them much control over important marketing decisions. Hence, instead of being stuck in one mode of entry, Ben & Jerry’s should spread its eggs into two baskets and strike a licensing agreement with Yamada and Seven-Eleven. Reference

Hagan, J. M. (1999). Ben & Jerry’s- Japan. Richard Ivey School of Business. Retrieved from http://s3. amazonaws. com/engrade-myfiles/4011838337685213/Ben__Jerry. pdf