

# Haagen dasz co. inc integrated marketing report



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## 1. Introduction

Recent years, especially the period that has started since the maturing of the electronic media and the proliferation of the internet, have seen widespread and far-reaching changes in forms of communication. A number of changes in the global business environment, including factors like market splintering, greater segmentation, information technology and globalisation, have led to the emergence of a new concept in holistic communication. Known in management parlance as Integrated Marketing Communication, (IMC) experts feel it to be integral to the improvement of competitive advantage in marketing. (Pelsmacker and Kitchen, 2004)

IMC is a marketing practice intended to ensure the working together of all components of marketing, for example, advertising, sales promotion, public relations, electronic, 121 and direct marketing in a unified manner, rather than separate and disparate forces, with little in common with each other.

Marketing communications comprises five broad categories, namely personal selling, advertising, public relations, direct marketing and sales promotions. Each has its own set of pros and cons and can be accomplished in a variety of ways. However, the key is to look at the available options in a comprehensive way and to ensure consistency throughout the selected media. (Vargas, 2005)

The creation and nourishment of a unified message in all elements of marketing is integral to its concept. Driven by a need for integrating communication components, and the organisational exigency of large

advertisers, the rapid growth of IMC has led many advertising agencies to take it up as a primary service area.

This report aims to examine the different elements involved in Integrated Marketing Communication, and recommend a plan for its implementation for Haagen Dasz, Inc. (HDI) The report is structured into sections that take up the concept of IMC, the strategies adopted by HDI to communicate its messages until now, and possible ways to adapt and change them in light of alterations in the marketplace, as well as in the modes of communication.

## 2. Integrated Marketing Communication

Communication, an integral component of all relationships relates to the exchange of information, concepts, ideas and emotions. These exchanges occur through a range of communication avenues, each of which makes its own contribution to the total exchange process. Marketers, steeped in communication theory, were quick to realise this phenomenon and adopted numerous ways to communicate with their customers, e. g., newspapers, hoardings, radio, television, and progressively direct mail, as well as the internet. “ Marketing communications is ‘ the process by which the marketer develops and presents an appropriate set of communications stimuli to a defined target audience with the intention of eliciting a desired set of responses’.” (Vargas, 2005) Marketing has a number of distinct avenues, namely advertising, public relations, sales promotion, direct marketing, personal selling, and in recent times, internet marketing. Each of these avenues works towards achieving specific objectives and great synergies come about when used in mutually reinforcing modes. In the eighties, most

marketing experts saw each of these avenues as separate and deserving of different treatment. The concept of integrating all these separate components into one umbrella usage first gained currency in North-western University's Medill School of Journalism", through the efforts of Don Schultz.

(IMC is) a concept of marketing communications planning that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communications disciplines (for example, general advertising, direct response, sales promotion, and public relations) and combines these disciplines to provide clarity, consistency, and maximum communications impact. (Schultz *et al.* , 1993)

Most experts were quick to understand the innate common sense behind integrating these different sub streams of communication and using them to convey one unified message. One major reason for this was due to the realization that different marketing communication tools had very dissimilar attributes, for example while the ability of advertising to reach a large audience is large it proves to be quite ineffective in delivering personal messages. Similarly, personal selling can be very effective in delivering personal messages but is not effective in reaching large audiences. Direct marketing, on the other hand, can deliver personal messages, and reach reasonably large audiences. Differences like these characterise the various attributes of different communication tools, namely, (a) the ability to deliver personal messages, (b) the ability to reach a large audiences, (c) the level of interaction (d) the level of credibility and (c) costs, in total and per unit.

(Integrated Marketing Communication, 2007)

In addition to this factor, the use of IMC increased because of the many shifts that took place in the advertising industry. Advertising focus shifted from being reliant on media to other forms of communication like specialised media, promotions and mailers. The market shifted from the domination of manufacturers to the influence of retailers and control of consumers. Advertising also shifted from being general towards becoming databased and advertising agencies became much more accountable for marketing success. The introduction of IMC also led to the creation of a number of benefits that included increased impact of communication, improved effectiveness of creative ideas, greater consistency in communication and better returns on communication investment.

Even though marketing experts have come to recognise the benefits and efficacy of IMC, a number of unlikely obstacles continue to hinder its growth. Many companies have different teams of people working on different elements and it quite often proves to be difficult and highly challenging to produce communication with very similar messages for different types of media, considering that they have different uses and objectives. " For example, television ads are generally used for awareness generation, print to educate, and outdoor and radio to keep the message top-of-mind. In reality, the goal of all advertising, including packaging, is to sell." (Young, 2006)

Apart from this issue, a number of other obstacles also hinder the implementation of IMC strategies.

Moriarty (1994) considered the cross-disciplinary managerial skills the biggest barrier to IMC, while Duncan and Everett (1993) reported that egos and turf battles were primary obstacles to integration. Eagle and Kitchen

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(2000) identified four groups of potential barriers to IMC success in their study of New Zealand advertising agencies and the marketing industry: power, coordination and control issues; client skills, centralization/organizational and cultural issues; agency skills/talents, overall time/resources issues; and flexibility/modification issues. Schultz (2000) saw structure - the way the firm is put together - as the most challenging problem of integration.

Very obviously, successful implementation of Integrated Marketing Communication at Haagen Dazs will have to take account of these likely obstacles and ensure that they do not interfere in the process.

### 3. Assessment of the Current Position of Haagen Dazs

Haagen Dazs is a pioneer in marketing and in conveying different messages in appealing ways to its consumers. The company, since its inception, has never hesitated to adopt a contrarian attitude and has gone against conservative thinking with great success. Its history of unique and different messaging started with the adoption of its name, which though it had no real connotation, gave an impression of exotica and cold Scandinavian companies. Packaging containing maps of Denmark served to reinforce this impression, a feeling carried to this day. (Chakraborty and Govind, 2006) The first break with accepted marketing thought came when Haagen Dazs introduced small portions of superior quality, extremely creamy ice cream at significantly more expensive prices. Its first forays in advertising were restricted to strictly word of mouth communication and the product depended upon its distinctively rich quality to do the talking. Over the years,

through changes in ownership the company has remained strongly committed to the concept of producing thick, rich, and creamy ice cream, and constantly reinforced its advocacy of the good life, of enjoyment, physical pleasures and sensuousness.

The company has achieved tremendous success, in every market it has entered, a fact that speaks very strongly of the superior quality of the product and of the communication of the company. The company has continuously worked on the basis of a few strongly held beliefs, namely, (a) developing the brand with an attached history of perfection and luxury, (b) using the finest ingredients to deliver product excellence, (c) investing in consumer research to understand tastes and preferences of customers, (d) using selective distribution and delayed mass marketing until the establishment of minimum critical mass, (e) not shifting in its priorities and objectives and (f) using creativity and innovativeness to support brand identity. This helped the company in establishing its current competitive strengths and premium pricing. Its initiative of introducing ice cream flavoured postage stamps, in collaboration with the Austrian government, which could be used for checking out flavours as well as using on postage was an enormous success. While the number of people who use the ordinary mail in these days of broadband and email is questionable, the initiative, discussed at great length across western countries, served its purpose of strengthening the image of a quirky, fun loving and enjoyment centred product. (Marketing Concept and Market Segmentation, 2005)

Haagen Dazs now operates in a number of countries in the Americas, Europe and Asia. While the company saw huge successes in the USA, it had to face

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enormous competition in Europe from competitors like Ben and Jerry's, and to some extent, from Baskin Robbins. The company operates in a niche market catering to affluent and brand conscious customers willing to pay premium prices for luxury products.

Its main strengths lie in its fabulous image as a premium quality, expensive brand. The company also has a very wide range of exotically named products that strengthen its image of luxury and indulgence. Few people associate the company with plain vanilla, even though it was one of the original flavours of the company, and customers think more of sticky toffee and strawberry cheesecake when they walk into a Haagen Dazs café. In recent years, the company has pioneered a range of low fat flavours in the same price range. The company, apart from making its products available in high street supermarkets, operates through well-appointed owned and franchised cafes, where visitors receive special attention, gifts, and invitations to attend special occasions tasting sessions.

The company operates in limited market segments and this definitely restricts its scope to grow into the economy segments. When the company introduced its range of low fat ice creams at similar rates customer, queries about the high price led to explanations about special technology, long and intricate processes and the use of only natural ingredients. This also restricts the company's opportunities to expand overseas and it must necessarily enter markets with high-income profiles. The company faces threats from other ice cream companies and an environment where technology makes it possible to duplicate flavours with ease. This negates the efforts of product research and development, and first mover advantage, if at all, does not last



beyond short time periods. The ability to keep on producing new flavours is a source of competitive advantage in the ice cream industry, a Haagen Dazs attribute that now stands blunted to some extent. (Marketing Concept and Market Segmentation, 2005)

The company does not face any political pressures, other than from lobbies that espouse low fat foods. Company efforts to address these groups with the introduction of low fat products, apart from opening up a market segment, has helped in blunting criticism from these quarters. The company's products target affluent customers, and global upturns in business and disposable incomes helps such companies; who deal at the higher end of the market. Inversely any prolonged depression, like in the eighties, will hit such companies hard. The fact that the company operates in the foods segment in a number of international markets makes it necessary for the company to consider local traditions, cultures and norms. Research in this area was responsible for the introduction of the successful green tea flavour in Japan.

Advertising strategy, until now, has focussed on luxury and life style, on desire, taste and indulgence. Advertisements are carefully constructed with emphasis on aesthetics and use ice creams, or people as subjects.

Promotional activities reflect the same association with class. Wimbledon, Ascot and the Paris Opera preferred events and reinforce the image of luxury. The advertising history of the company has been marked by its rivalry with Ben and Jerry's, competition that intensified after Unilever took over the company. In 2004, Haagen Dazs mounted a campaign called the "Made for Each Other" campaign that sought to revitalize the image of the  
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company. The campaign, based upon television commercials, used soft music, poetry and gentle visuals, in stark contrast to the bright and bold messages, in vogue with other advertisers. The campaign worked very successfully and led to an increase of 3.6 % in sales when the market for ice creams was otherwise witnessing a downturn. (Chakraborty and Govind, 2006)

Recent years have seen intensification in competition in the ice cream market and a change in customer preference to move away towards healthier alternatives. While companies like Ben and Jerry's and Baskin Robbins have also become more aggressive in their marketing moves, new companies like the US based Cold Stone Creamery are also moving aggressively into new markets. The increase in internet usage also needs suitable response from marketing departments to ensure that opportunities available are utilised appropriately.

#### 4. Recommendations

Haagen Dazs is known for its superior quality, rich taste and lifestyle connotations. The success of the company been built on these factors and it would be unwise to discard the core values represented by the brand. The Austrian campaign " Let your tongue travel" using flavoured postage stamps proved to be immensely successful because of its newness and the opportunity for many people to taste a range of exotic flavours. The emergence of a young and affluent market all over the world makes it imperative for the company to target this segment to protect and augment future sales. Advertising initiatives should focus on being youth friendly and

concentrate on current obsessions like Formula One rather than on events like horse races. While tennis remains an eternal youth fixation on a global basis, the emergence of Formula One as an adventurous and affluent sport makes it an ideal platform for long-term sponsorship. Apart from changing the thrust of sponsorships messages must necessarily take heed of the current fascination with health, fitness and low fat foods. The company should step up efforts to push its range of low fat ice creams through appropriate advertising messages designed to attract the health conscious market. It would possibly be a great idea to introduce a range of vitamin and mineral fortified ice creams to take advantage of the current obsession with health and promote it strongly across various media. The company has recently been very successful in its Crème de la Crème campaign in the San Diego market, wherein a number of high-end restaurants participated in serving company products to high-end clientele.

“ We saw Häagen-Dazs as a great fit for San Diego’s high-end restaurants because it is made with only the finest natural ingredients, and the local scene is unique because of its many farms and availability of organic, fresh produce,” said Sarah Znerold, SZPR’s president. The first program, held last August, was called “ Crème de la Crème.” Chefs from 10 top local restaurants were each invited to develop a creative and tasty Häagen-Dazs ice cream concoction and have it judged at an event featuring San Diego media and industry VIPs, Znerold said. (Slavens, 2007)

Campaigns like this in different towns are bound to increase the visibility of the company’s products.

The vast number of owned and franchised shops also makes it very easy for the company to obtain personal details of visitors to these establishments.

The company has the opportunity to use these personal details to put together a well-designed one to one campaign, wherein customers could be continuously informed of new products, health connotations, and offered a range of benefits including invitations to special occasions and discounts on purchases.

The integrated marketing communications strategy must primarily look at five functions, namely identifying target audiences, determining the communications objectives, designing the messaging content, selecting the means of communication, determine the mix of media and budget priorities and implement a system to measure the effectiveness of the efforts. In the case of Haagen Dazs, market segment targeted continues to be the affluent, quality conscious customer. It is however important to realise that the segment will have a higher proportion of younger people, especially in emerging markets and take account of their preferences. The current marketing mix is effective in meeting the needs of the target segment and a stronger targeting of the youth segment will lead to more visitors to cafes, leading to an increase in tasting and appreciation of new flavours. The communication objectives range from countering competition from competitors like Ben and Jerry's and Baskin Robbins, as well as spreading awareness about the product. Effective messaging is obviously critical to the whole exercise and needs great thought. This is however a company strength, evidenced by the highly successful messages carried by the company in the past.

The media has to necessarily place much greater emphasis on internet and direct marketing, using the plethora of customer information that could be accessed through company cafes. The use of the internet will make it possible for the company to establish personal contact with customers on a large scale, learn about customer preferences, step up research efforts and plan effectively for new products. It will also act as a very effective vehicle for spreading information about the company's new range of low fat, health products, in both the ice cream and yoghurt range.

It is important to ensure that the results of the IMC strategy be ascertained and recorded properly. While sales movement will tell its own story, strong and properly planned research will be able to ascertain the success of IMC efforts and throw up deficiencies that will need to be corrected.

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