**Entrepreneurial Strategies and Business Models, Spring 2014**

**Business:** *Baskin Robbins*

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**History of Baskin-Robbins**

* In the beginning there were two companies called Burton’s ice Cream Shop and Snowbird Ice Cream.
* Two brothers-in-law partnered to open Baskin-Robbins in 1945.
* They had 21 ice cream flavors which they sold in the neighborhood.
* They opened their first ice cream store in Glendale, California.
* It was not until 1953, that Baskin-Robbins came out with 31 flavors to represent 31 days of the month.
* In 1954, they won their first gold medal at the Los Angeles County Fair.
* Through their hard work and dedication, the built franchises, with each owner holding a stake in the company.
* Baskin-Robbins is the world’s largest ice cream store with more than 2800 locations in the U.S. and 5800 around the globe.
* Today, Baskin-Robbins is a global ice cream parlor based in Canton, Massachusetts.
* Baskin-Robbins are today a subsidiary of Dunkin Brands, Inc.
* Nigel Travis is the Chairman and CEO of Dunkin Brands.
* The company’s products are ice cream, cakes, and pies.
* Baskin-Robbins has long been dedicated to making the experiences of eating ice cream an enjoyable one.
* America’s Favorite Neighborhood Ice Cream Shop, is a philosophy at Baskin-Robbins shared by everyone.

**What is Ice Cream at Baskin-Robbins?**

Ice cream at Baskin-Robbins is made out of full dairy and sugar, with added flavors, berries, toffees, nuts, and flavored ribbons of many distinctions and combinations.

They make:

* Sherbets
* Sorbets & Ices
* Premium Churned
* Frozen Yogurts
* Soft Serves
* Pies
* Turtles
* Grasshoppers
* Muds
* Custom Cakes

Original 32 Flavors:

|  |  |  |  |
| --- | --- | --- | --- |
| * Banana Nut Fudge | * Black Walnut | * Burgundy Cherry | * Butterscotch Ribbon |
| * Cherry Macaroon | * Chocolate | * Chocolate Almond | * Chocolate Chip |
| * Chocolate Fudge | * Chocolate Mint | * Chocolate Ribbon | * Coffee |
| * Coffee Candy | * Date Nut | * Egg Nog | * French Vanilla |
| * Gold Medal Ribbon | * Lemon Crisp | * Lemon Custard | * Lemon Sherbet |
| * Maple Nut | * Orange Sherbet | * Peach | * Peppermint Fudge Ribbon |
| * Peppermint Stick | * Pineapple Sherbet | * Pralines N Cream | * Raspberry Sherbet |
| * Rocky Road | * Strawberry | * Vanilla | * Almond |

**Promotions and Events**

* Baskin-Robbins has ambassadors such as LeBron James.
* They have also partnered with Sony Pictures for releases like Men in Black 3.
* In 2013, they released Soft Serve Slingshot, to promote their Soft Serve ice cream.
* BR has also celebrated the start of the summer movie like Spider Man 2, with colors of spider man in their ice cream.

Other current events and new items for Baskin-Robbins are:

* They now have online cake ordering for customizable ordering.
* Flavor of the month
* Sweet Line up for Valentine’s Day
* Movie theater popcorn in ice cream
* Baskin-Robbins strategy since its beginnings until today, has been its many choices and flavors. The philosophy at Baskin-Robbins is “We sell fun, not just ice cream”.
* The company highlights its variations in seasonal flavors.
* The experience of choosing and tasting this many flavors is refreshing for consumers. That is what draws so many customers to Baskin-Robbins.
* Products have risen to 1000 different kinds of flavors and tastes in its array of ice- cream, cakes, and pies. The company's value chain has been the many choices, it has for customers.

**Dunkin Brands**

* Dunkin Brands, Inc. is in the consumer and retail industry.
* Dunkin Brands, Inc. was created in 2006, with the goal of having the number one ice cream parlor in the world (Baskin-Robbins) and the number one coffee by the cup retailer in America.
* We have two of the leading, if not the top companies in their industry owned by the same company, and the strategy here is to keep ahead of the competition by delivering quality, quick service, which is economical and convenient. They are bound for success.
* By having two different products under the same umbrella is a great strategy on their part. They can gain revenue from two different times of the years due to the seasonal products of the two products; coffee in the winter and ice cream in the summer, as the two revenues complement each other throughout the year.

**Competitive Advantage**

* While Baskin Robbins is a well known, it still struggles with market share and brand recognition both inside the United States and internationally.
* When it comes to competitors that Baskin-Robbins faces in the ice cream business, the two main companies that will be examined are: Häagen-Dazs and Ben & Jerry’s.
* Both these companies and Baskin Robbins make up the three major premium ice cream brands in the U.S.
* All three of these companies operate inside the U.S. and internationally.

**Häagen-Dazs**

* Häagen-Dazs was founded in Bronx, New York by Rueben and Rose Mattus and is headquartered in Oakland, California.
* They hold a distinction of being one of a few ice cream vendors to not use stabilizers.
* They market themselves as a premium brand and sell their products in dedicated retail outlets in addition to grocery stores.
* Besides ice cream they also serve gelato, sorbet, frozen yogurt, and ice cream bars. They also serve their products in various forms including sundaes, shakes, Dazzlers, and other methods.
* They operate in outside countries with locations in the Americas, Europe, Middle East, Asia, Africa, and Australia.
* Häagen-Dazs markets themselves as a premium ice cream brand stressing that they “find the purest and finest ingredients around the world.
* They hold the biggest market share for the premium ice cream segment in the U.S.

**Ben & Jerry’s**

* Ben & Jerry’s was founded by childhood friends Ben Cohen and Jerry Greenfield in Burlington, Vermont with its headquarters located in South Burlington, Vermont.
* Ben & Jerry’s also position their brand as a premium ice cream and as an eco-friendly company.
* They promote social welfare as well as implementing strong environmental standards in the way it packages its products and creates it.
* Ben & Jerry’s packages its ice cream as well as selling them in dedicated ice cream shops and operates in other countries.
* They offer fewer products than Haagen-Dazs only having ice cream, sorbets, frozen yogurt, and Greek frozen yogurt but they compensate this by having a wide range of flavors.
* The main gimmick of Ben & Jerry’s is the unique flavors that they offer often having contests to create new ones.
* They hold the second biggest market share in the premium ice cream market with 34%.

**Baskin-Robbins**

* Baskin-Robbins is probably the third best known brand of ice cream brand in the premium market.
* Like the previous two companies, Baskin Robbins offers its ice cream both at dedicated stores and inside grocery stores albeit in fewer flavors. They also offer fewer products than the competition: ice cream, sundaes, and beverages (milkshakes, floats, smoothies, others), parfaits, and 31 below mix-ins.
* The main appeal of Baskin Robbins is the 31 flavors that they offer; they even go so far as to show the number 31 in their “BR” logo.
* Their flavors are made with high quality products that are shipped from other parts of the world.

**SWOT Analysis**

**Strength**

* Has the recognition of its 31 flavors which attracts many customers.
* The largest ice cream chain supplier in the world.
* Faster growing rate than competitors, including Häagen-Dazs.
* Popular with younger people, birthday parties are common thanks to their unique and special ice cream cakes.

**Weakness**

* Less brand recognition than Häagen-Dazs and Ben & Jerry’s.
* Less flavors and products than the competition.
* Not enough of a media presence or partners.
* Not all shops offer the same products.

**Opportunity**

* Adding more products. Creating a new product that is unique to BR.
* Adding other food to their menu to attract more customers.
* Having a stronger marketing push.

**Threats**

* Competitors like HD & BJ have better recognition in countries outside the U.S.
* The cost of the high quality goods are increasing.
* Competitors have faster expansion across the globe.

**Strategy:**

**Past Strategies:**

* Baskin Robbins has used a multitude of strategies in order to accumulate a high gross profit over the years some including;
  + - * *Quick Serve and Fast Casual*: Timely served ice cream and fit for family friendly communities with a casual and appropriate dining setting.
      * *Plethora of Flavors:* Offered over 30 flavors in the initial brand opening in order to distinguish themselves from other brands that offered less flavors.
      * *FUNdraising & Festivals:* Baskin Robbins placed their products in high volume areas such as festivals and fundraisers. It created the appeal of being an outgoing, community oriented, and friendly company. Donating to a cause also helped create awareness of the ice cream brand
      * *Integrating a website:* In the late 1990’s the company set up their first interactive website in order to inform the public about their efforts and current social projects. As well as, ice cream flavor nutrition and information.

**Current Strategies:**

* Over time, social factors and new entrants to the market has allowed Baskin Robbins to alter their strategic methods and shift towards creating more of a diverse outlook to customers instead of the generic ways to market ice cream including;
  + - * + *Expand Market:* In 2013, BR opened 4 new stores since 2006. The idea was to place branches in new locations with high potential for customers. Although it was a small increase, it benefited enough to implement a plan to open 10 new stores in 2014.
        + *Advertising:* BR’s budget was $25 million to advertise the company. It began using all social media platforms (Facebook, twitter, Instagram, etc.) and implemented a more user friendly website and TV ads became more prominent.
        + *Cake Sale Boost/Online Ordering:* BR wanted to distinguish themselves from other ice cream brands and began serving ice cream cakes which became very popular. The target was to allow customers to order their cake product in advance and online.
        + *99 cent Tuesdays:*The Company began hosting “99 cent scoops” on every Tuesday. It became an iconic feature in the Baskin Robbins franchise as they were able to have a competitive edge against other brands by have a social or family night. It attracted long lines of families, groups of friends, and sports teams throughout the day.

**VRIO Analysis:**

* *Value:* Baskin Robbins has manufacturers that produce the ice cream and then are shipped to the stores. Other brands have the ice cream making facility within the store location. **Result:** Moderate
* *Rare:* Baskin Robbins can be considered rare due to the fact that they have a standard 32 flavors and they continue to bring out new seasonal flavors and promotional flavors (ex: Spiderman 2 ice cream). BR is considered to be part of the brands with the highest flavor diversification. **Result**: High
* *Imitation:* Although ice cream can be easily imitable, it will become very costly to reproduce all the said flavors. It can be done, and perhaps at a lower cost but the taste and variation of the products may differ. **Result:** Moderate-Low
* *Organization:* The Company has a high form of organization because all the factories under the same management and it is from one particular location. The brand is run under a corporate office and it is able to keep stable over time. **Result**: Moderate-High

**Market Strategy: Overview**

* Over all, Baskin Robbins has been able to keep a stable and running business with their efforts to bring new flavors to their customers and implement new catering/ordering applications. They have been able to gradually expand and grow by placing more locations across the nation and implement social media marketing to their strategy.
* However, new companies and franchises are constantly entering the market and it is vital for Baskin Robbins to distinguish themselves from other brands. It is not only important to keep an updated menu, but it is imperative that the company implements a strong strategic plan that will allow the company to stand out among the rest.
* Some ways that BR can achieve this is by integrating rewards programs for frequent users(make this more prominent), offer special deals or vouchers for social media followers, introduce party packages for catering/cakes, and use a competitive edge against leading competitors.

**Recommendations**

* The ice cream industry has always been popular, however, with the explosion of other frozen desert options, growth has been slower than usual.
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* Frozen Yogurt is among the top alternate frozen desert options
* A competing brand Cold Stone Creamery has also suffered in sales due to the emerging industry of frozen yogurt.
* Baskin-Robbins has only expanded to four outlets in the last year. It would be wise to expand cautiously
* Although Baskin Robbins is already going to launch a new product line of Greek style ice cream, it would be wise for Baskin-Robbins to use already popular flavors in order to capture the market.
* Increase marketing budget from 25 million to 50 million. This is twice the amount of marketing efforts and can potentially affect sales.
* To implement these changes, Dunkin Brands could start a new subsidiary of Frozen Yogurt chains where they do not have Baskin-Robbins storefronts. This will help disable cannibalization of their ice cream.

**Closing**

* Time will only tell how the industry of ice cream specialty industry will do
* Baskin Robbins currently has the lead in such ice cream shops internationally with nearly 7000 shops outside the U.S.
* With this said, Baskin Robins is one of the most recognized brands in specialty ice cream. They are in the works of partnering with Boardwalk Frozen Treats to distribute their own ice cream onto store shelves. This is a good opportunity for the company and we look forward to seeing the results of this strategic move

Sources:

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