

Haagen Dazs' marketing strategy and development suggestions

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Abstract. Haagen Dazs is a famous high-end ice cream brand in China. After entering the Chinese market, Haagen Dazs has been selling well. However, in recent years, Haagen Dazs' ice cream sales are much lower than before. Some researchers believe that Haagen Dazs' marketing strategy and market environment have a great impact on its sales changes. However, the specific reasons for this change still lack a unified explanation. The aim of this paper was to explore the advantages and disadvantages of Haagen Dazs' marketing strategy, so as to give suggestions to increase Haagen Dazs' sales. Therefore, this article analyzes the marketing strategy of Haagen Dazs by collecting the data of Haagen Dazs' official website and McKinsey Research Institute, as well as the advertising and publicity of Haagen Dazs in various media, sorting and analyzing this information. Research shows that Haagen Dazs' marketing strategy increases sales by bringing social currency to customers, but sales are too dependent on word-of-mouth. With the changes in the market, Haagen Dazs' marketing strategy is lack innovation, so it is suggested that Haagen Dazs comply with the consumer market and innovate products.

Keywords: Haagen Dazs; marketing strategy; company transformation.

1. Introduction

Marketing strategy is the premise and basis for enterprises to predict future development. With the intensification of market competition, marketing is becoming more and more important to enterprises. Enterprises need to formulate appropriate marketing strategies, explore potential markets and establish marketing objectives, so as to create more market shares and bring more economic benefits to enterprises.

As we know, Haagen Dazs has a good market positioning and marketing strategy when it first entered the Chinese market - that is, to provide social currency. However, in recent years, the sales of Haagen Dazs were much worse than before. From 2017 to 2020, its revenue fell by 500 million. In the early days, a large part of Haagen Dazs' income depended on China, but now people in China are no longer willing to pay too much for it, so the overall income has declined. Part of the reason why Haagen Dazs' sales have changed is its own marketing strategy. In addition, this change also reflects the changes in the Chinese market to a certain extent, so it is necessary to analyze the marketing strategy of Haagen Dazs. In the Chinese market, many companies similar to Haagen Dazs are also facing challenges, and some researchers have explored this. However, a unified conclusion has not been reached on the specific brand of Haagen Dazs. Therefore, this paper hopes to analyze the advantages and disadvantages of Haagen Dazs' marketing strategy through Haagen Dazs' financial data and publicity means, so as to give suggestions to improve sales.

This paper first analyzes the background information and financial situation of Haagen Dazs through the data of McKinsey Research Institute [1]. Then, we checked the official website and studied how Haagen Dazs used its marketing strategy to attract consumers and increase sales in previous years and analyzed the advantages and disadvantages of this marketing strategy [2]. Then, this paper uses SWOT to analyze the opportunities and challenges of Haagen Dazs [3]. SWOT analysis is based on the internal and external competitive environment and conditions. By using this analysis method, this paper first investigates and enumerates the main internal advantages and disadvantages, and lists external opportunities and threats. Then, it uses the idea of systematic analysis to consider various factors which affect the sequence and analyze them, so that it can get the

corresponding conclusions about Haagen Dazs. Finally, this paper gives some suggestions on marketing strategies according to the challenges Haagen Dazs faces.

2. Firm description

Haagen Dazs was originally an American ice cream brand, which was listed in New York in 1962. In 1983, after Haagen Dazs was sold to Pillsbury Company, Pillsbury Company was incorporated into General mills. It has set up a chain of special ice cream stores to sell its brand ice cream all over the world. For a long time, Haagen Dazs' sales in China have been very successful. However, with the entry of major domestic enterprises into the ice cream industry and the changes in consumer groups, Haagen Dazs' business situation has been much worse than before. When Haagen Dazs first settled in domestic cities, many consumers lined up at the door of its store, but now there are not many guests a day.

According to the data from McKinsey Research Institute, from 2006 to 2015, the sales of Haagen Dazs in China increased by 23% every year, which is obviously higher than the brand growth rate of only 20% in China in 2020. In addition, according to the financial reports of General Mills group over the years, the operating revenue of Haagen Dazs has started to decline since 2018, from the US \$800million in that year to US \$718million in 2020, and the proportion of the product line in the revenue of General Mills group has also declined from 5.1% in 2018 to 4.07% in 2020. The obvious price difference between Haagen Dazs in China and overseas has greatly reduced the high-end image of Haagen Dazs, and the lack of innovation and breakthroughs has also made the brand of Haagen Dazs no longer popular with young people.

3. Marketing strategy analysis

Current problems and current situation of the implementation of localization marketing strategy

At first, Haagen Dazs' strategy was undoubtedly successful. Ten years ago, Haagen Dazs' annual revenue had exceeded \$100million. However, with the economic development of China in recent years, general mills, the operator behind Haagen Dazs, have suffered a serious decline in the super high-end ice cream business owned by Haagen Dazs since 2018. Its operating revenue fell from \$803 million in 2018 to a low of \$718 million in 2020, a decrease of 10.6%.

In order to explore the reasons for the serious decline of Haagen Dazs revenue, this paper analyzes the marketing strategy of Haagen Dazs.

3.1 Marketing and consumer

3.1.1 marketing strategy

Haagen Dazs attracts consumers through the practical value of its products, makes consumers think their high cost is worth it, and provides them with valuable information they are willing to share. Haagen Dazs' practical value has common similarities with its inner remarkability, which we will discuss together.

Haagen Dazs has high requirements for raw materials and production technology of ice cream. The taste of ice cream made from ordinary raw materials is relatively ordinary. The subtle difference in the taste of ice cream is mainly reflected in the content of the ingredients.

According to the regulations of the U.S. Food and drug administration, ice cream must contain at least 10% milk fat. In order to improve the taste of Haagen Dazs and make it different from ordinary ice cream, the milk fat content of Haagen Dazs was increased to at least 15%, and its swelling rate was reduced to 20%. When customers taste Haagen Dazs, they can obviously feel that its texture is more dense and compact, and its taste is better. According to the international ice cream Association's grading system, considering ingredients, milk fat, swelling degree, and other factors, the ice cream's quality can be divided into four grades: economical, conventional, high quality, and super high quality. The "super quality" grade ice cream has a fat content of 14%-18%, and a swelling rate as low as 20%,

and its raw materials used are of the highest quality. Haagen Dazs belongs to the highest level - "super quality" ice cream.

3.1.2 consumer psychology and behavior

In China, Haagen Dazs aims at the high-end ice cream market. In the previous Chinese ice cream market, most of them were ordinary ice cream at low prices. Therefore, Haagen Dazs, known as "imported" and "high quality", just filled the gap in the high-end ice cream market.

A survey conducted by McKinsey shows that 20% of Chinese consumers spend more on experience, while only 13% spend more on the product itself. In China, the consumption of luxury experiences is growing faster than luxury itself. The symbolic meaning of such products, which is a sign of extraordinary identity and status, was frequently considered by eaters. Therefore, Haagen Dazs aims at the Chinese people's demand for a high consumption experience and fills the gap in similar domestic consumption situations.

In addition, this paper also uses SWOT analysis to analyze the strengths, weaknesses, opportunities, and threats of Haagen Dazs brand.

3.2 SWOT Analysis

SWOT analysis can more systematically, comprehensively, and accurately study the current situation of the research object, and it can also help researchers formulate corresponding development plans and solutions to problems according to the research results.

3.2.1 S: Popularity

The strength of Haagen Dazs lies in its popularity. In China's ice cream market, there are many kinds of affordable ice cream, but when it comes to luxury ice cream, people will think of Haagen Dazs. Decades of high prices have miraculously established Haagen Dazs' position in the ice cream market. According to the survey, Haagen Dazs ranked first in the ice cream market share of catering channels in 2017.

3.2.2 W: Quality decline

The quality of Haagen Dazs is its weakness in recent years. One reason is the "cocoa butter substitution" event in 2021. In 2021, General Mills Trading Co., Ltd., an affiliated company of Haagen Dazs, announced an administrative penalty: some products of Haagen Dazs were made of cocoa butter instead of the chocolate skin it claimed. Shanghai Pudong New Area market supervision and Administration Bureau ordered Haagen Dazs to stop publishing illegal advertisements and fined him 10000 yuan. Soon, the topic of Haagen Dazs' false propaganda was discussed by many people, who criticized that the price of Haagen Dazs was so high but could not guarantee the quality.

3.2.3 O: Market changes

Changes in the market in recent years have created opportunities for Haagen Dazs. With the changes in the global political and economic environment, the consumption ecology in China and even the world is being reshaped. The emergence of new consumer groups has given birth to new consumption patterns and demands. Consumers pay more and more attention to the product concept and use feelings and brand advocacy attitude. Better products and better experiences have become the hottest consumption concept at present. This means that who can provide consumers with the high quality, effective, popular, personalized product needs, who can grasp the development direction of the industry in the future.

3.2.4 T: Competitive pressure

The threat of Haagen Dazs is that it has many competitors. With the development of the ice cream market, more and more brands appear. According to the report of General Mills in 2016, the growth rate of Haagen Dazs in China has slowed down, and all kinds of fashionable milk tea and dessert stores are also crowding out the market of Haagen Dazs.

3.3 Development Suggestions

In the new consumption era, the internal organization and operation mode of the brand will have revolutionary changes. Haagen Dazs faces challenges and needs to comply with consumption upgrading and innovative products. The brand needs to be repositioned with new communication discourse and a new communication interface.

4. Conclusion

Through this article, we can know that Haagen Dazs' main marketing strategy is to provide people with social currency to make consumers more willing to buy their products. Haagen Dazs has high intrinsic value. It improves the grade of its products through high-quality raw materials and manufacturing technology, leaving customers with a high-end impression of this brand. However, such a marketing strategy also has some disadvantages, such as relying too much on brand reputation. Once its quality has problems and is questioned by customers, its sales will be reduced a lot. In 2021, the false publicity event of Haagen Dazs made many consumers disappointed in this brand. In addition, Haagen Dazs' brand lacks innovation. In the face of more and more competitors in China's ice cream market, Haagen Dazs adheres to the tradition and has no innovation strategy, making consumers less and less. In view of the problems brought by these marketing strategies, this paper gives the development suggestions of Haagen Dazs. Haagen Dazs faces challenges and needs to comply with consumption upgrading and innovative products. The first way is structural upgrading. Haagen Dazs should launch different products for different groups. For example, it can produce some low-sugar ice cream for people who want to be healthy or create different flavors for different people. The second way is to meet more scenario consumption in terms of consumption time and space. For example, we can produce some portable ice cream, so that consumers can use the product in different scenarios. The third way is to create products and services that lead the lifestyle and lead new consumption trends and trends. For example, in addition to the classic mid-autumn moon cakes, new products can also be produced for other festivals. Moreover, the packaging of products can also be designed more innovative, adding popular elements to create different styles.

There are still many deficiencies in this current research. For example, the analysis of Haagen Dazs' financial data is not very comprehensive. Future research should analyze the data in an all-around and multidimensional way, and make detailed analysis every year as as possible.

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