**Ben & Jerry’s**



**INTERNATIONAL BUSINESS PLAN EVENT**

Franchised Ice Cream Shop

Ardrey Kell DECA

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1. **EXECUTIVE SUMMARY** Ben & Jerrys has proven its worth as a company in the recent years. The profits have skyrocketed from where they used to be. From just two men who started making ice cream in Vermont to now having multiple stores on many different continents, they have shown how something small can turn into something great. Ben & Jerrys has over 100 different flavors, which offers a wide variety to their target market. They try to target 30-60 year olds as their target market. This consists of the parents who buy the ice cream for their kids and grandkids. Our secondary market is 5-15. Some people in this second market can’t buy the ice cream on their own but they ask their parents to buy it for them. Children and young adults do tend to enjoy ice cream more but realistically they are not the ones driving to either the grocery store to buy the take home containers that we offer, or the boutique style shop and buy ice cream for their pleasure. Putting this product in New Zealand is a bold move for Ben & Jerrys. They do have stores on other continents and in other countries but never in New Zealand. Our hope in opening our store in New Zealand is to satisfy the “sweet-tooth” of the public. New Zealand is very high in tourism and their number 1 travelers that enter their country are United States citizens. Ben & Jerrys is a typical American based company that could give travelers a little taste of home. When people travel and get into another country, and if they are traveling for a long period of time, they tend to miss home. Our hope is to give the tourists a little bit of home that reminds them of where they are from. Also we hope to introduce our product to the people of New Zealand. It’s not that they have never had ice cream before, but they have never had an ice cream like this before. It is just something different that adds a little variety to their dessert and lets them know how America handles their ice cream and dessert.



1. **INTRODUCTION**

We would like to propose the business idea of opening up a Ben & Jerry’s ice cream store in New Zealand. Ben & Jerry’s serves a variety of products including ice cream, sorbet and Greek yogurt. All across the United States small town start up ice cream store has been prospering in business and customer satisfaction. With well over 100 different flavors there is something for everyone to enjoy. In New Zealand we would like to open a Ben & Jerry’s store in Auckland. Auckland has a population of 1,418,000 and is the largest and most populated tourist town of New Zealand. One reason for choosing to locate a store here is because towns with the largest amount of people mean the most business potential and then the company would prosper the most. Also another reason is that when people are traveling they usually like to have a little something that reminds them of home. With such an Americanized company any traveler would flock to it immediately because it is familiar to them and makes them feel safe. The last reason for choosing to open it in Auckland is because Auckland has a very wide variety of “social classes”. Whether you are rich or poor many enjoy ice cream. It is never overly expensive and people of all ages enjoy it.

The target market for this store is ages 30-60 as our primary market and then 5-15 for our secondary market sweet tooth lovers. No matter how old you are, you are never too old for ice cream. Ben & Jerry’s is already in 34 countries around the world and has seen major success. New Zealand is ranked in the top spot for starting and maintaining a business, which leads to many businesses having had success in deciding to open up shop in New Zealand. For most of the information that we generate during this project we will find it on the internet due to the fact that it is an easy and quick resource with plentiful amounts of information. In the start up of this company there are not too many qualifications required but the main priority would be to find a manager who can look over the employees to make sure it is running smoothly, and then a financial advisor who lives in New Zealand who would help run the financial side of things. Along with that, it couldn’t hurt to have a PR manager to help advertise and get the word out that a new Ben & Jerry’s is coming to Auckland.

1. **ANALYSIS OF THE INTERNATIONAL BUSINESS SITUATION**
2. **Economic, political and legal analysis of the trading country**

New Zealand is a market economy, and it depends greatly on international trade, mainly with Australia, the United States and China. New Zealand has an overwhelming population of 4.471 million that requires an excess of international trade due to a lack of resources. A little over half of New Zealand’s population is included in the work force of 2.413 million, and it continues to increase yearly. In addition to a strong workforce, New Zealand’s GDP is 182.6 billion (USD) which shows the efficiency of the working people in New Zealand. The main language in New Zealand is English therefore there will be no complications between Ben & Jerry’s workers and the people of New Zealand. The use of natural resources from New Zealand will be minimal, because a majority of the supplies will be imported. The communication between Ben & jerry’s headquarters in the United States and our store in New Zealand will be efficient and advanced due to the lack of trade barriers and the development level of New Zealand (more developed). A majority of our imported goods will be coming from the United States, which will be beneficial for both economies. The United States will still make money off of the goods that we are buying, while New Zealand is not losing any money or services from the importation of our goods.

 The political system in New Zealand takes the form of a parliamentary representative democratic monarchy. This government structure resembles that of the United Kingdom’s government structure in which there is a parliament that represents the people as well as a monarchy. Within New Zealand, the local governments locally elect members representing their communities to make decisions on their behalf. Local authorities cannot achieve their goals alone, and they work very closely with the central government, businesses, and citizens to achieve those goals. New Zealand has an open economy that places few barriers in the way of foreign services, providers, or importers. Exporters often encounter barriers coming from overseas, which is why New Zealand has an active trade agenda. Free trade does not just benefit our exporters, New Zealand importers and consumers enjoy wider and cheaper access to many other countries’ goods and services.

 There are two separate minimum wages for workers in New Zealand: workers between the ages of 16 and 20 are entitled to $4.55 per hour, and workers aged 20 and above are entitled to $7.55 per hour. This will benefit our Ben & Jerry’s by not having to pay workers as much as we would in the United States. There are no restrictions on the number of hours that workers are required to work per week, however the average working week is 40 hours per week. The Consumer Guarantees Act (1993) states that if a consumer buys an item of goods or orders a service that doesn’t deliver the benefits promised, they may have the right to receive a remedy from the retailer. The government of New Zealand has indicated its desire for a free trade agreement between them and the United States, for many years now the US and New Zealand have been equally contributing to one and others’ economies.

1. **Trade area and cultural analysis**

Auckland is the most populous urban area in the entire country of New Zealand. This is the perfect area for a business to be placed. The population of Auckland is 1,413,700, which make up for 30 percent of New Zealand’s total population. The types of people in Auckland vary, but it has the largest Polynesian population of any city in the world. New Zealand has 15,134 km (9,398 mi) of coastline and extensive marine resources. The country claims the fifth-largest [Exclusive Economic Zone](http://en.wikipedia.org/wiki/Exclusive_Economic_Zone) in the world, covering over four million square kilometers (1.5 million sq mi). An interesting fact about New Zealand is that it has no official land borders. The geography of New Zealand encompasses two main islands (the North and South Islands) and a number of [smaller islands](http://en.wikipedia.org/wiki/Islands_of_New_Zealand). The [South Island](http://en.wikipedia.org/wiki/South_Island) is the largest land mass and contains about one quarter of the population. On these islands, the [climate](http://en.wikipedia.org/wiki/Climate) is mostly [cool temperate to warm temperate](http://en.wikipedia.org/wiki/Temperate_climate). The temperatures range from 46 °F on the South Island to 61 °F on the North Island. Unlike the United States, New Zealand’s coldest months are actually July and August, while it’s warmest months are January and February.

 The population of New Zealand is very controlled, about half are men, and the other half are women. In terms of age structure, the population isn’t “young” nor “graying” it is simply middle-aged. There are slightly more young people in the country than there are old. Education is very important in New Zealand. Ninety-three percent of four years olds were involved in early childhood education in 2011.

For or target market, we plan to have a broad and general target market for most people, but we are specifically targeting children, and young people with ages ranging from 6-20. We want to make our advertisements pleasing to all different types of people. People with high class and people with low class should enjoy our ads, and want to purchase Ben & Jerry’s in New Zealand. Because ice cream is not a “high class product” we will be focusing more on the middle class. As well as natives to New Zealand, we would like to target international tourists. The main language in New Zealand is English, but many natives speak Maori, so we plan on running ads in English and Maori. Our main target market will be citizens of Auckland, whereas our secondary target market would be visitors from around the world. Because Ben & Jerry’s is such an internationally recognizable company, travelers will find it easy and comfortable to spend their money on our products. No specific hobby or life style goes with ice cream, so we plan on advertising it in many ways that can apply to many life styles and hobbies.

 Because New Zealand being in a moderately warm climate in the Pacific Ocean, people enjoy ice cream or certain treats on most days. An ice cream shop is simple, and frequently used.

In Auckland people have spare money to spend on leisure activities and dining out. Most of Auckland is rural, and it has a high concentrated population which benefits Ben & Jerry’s because we will get ultimate exposure of our ads. Also this city is one of the most frequently visited cities in New Zealand by tourists. We picked this city because it has plenty of people, who are able and willing to spend their money on various leisure activities (including getting ice cream). Having a Ben & Jerry’s near the CBD (central business district) or in an area that is densely occupied by consumer goods stores and shops. Auckland is the best city in New Zealand for businesses and stores to thrive in.

1. **PLANNED OPERATION OF THE PROPOSED BUSINESS/PRODUCT/SERVICE**
2. **Proposed organization**

Ben and Jerrys have a unique business model where they are a corporation but it is called B Corp (Benefit Corporation Movement). B corps are a new type of corporation that uses the power of business to solve social and environmental problems. Ben & Jerry’s is a subsidiary of Unilever, a corporation that owns a variety of brands including Hellmann’s, Dove, and Lipton. It acquired Ben & Jerry’s in April of 2000, from founders Ben Cohen and Jerry Greenfield for $326 million. Since its purchase, Ben & Jerry’s still receives input from its founders and continues to promote its core values of social responsibility and environmental awareness.

As part of Ben and Jerry’s business model, opportunities for franchising have been encouraged. Our goal is to piggyback on this initiative and start a restaurant in New Zealand. Because we are a franchise, our business ideas and decisions will be based off of corporate decision-making and will continue to reflect Ben and Jerry’s philosophy and values. We will have to pay a sizeable franchise fee and royalties based on our sales in exchange for access to product distribution and company advertisements.

Ben & Jerry’s has always promoted the concept of linked prosperity. Anyone involved in the company, from workers to the community they reside, plays a part in the personality and profitability of the company. B Corp allows for all of this to happen. In our complex Corporation business structure we have shareholders, a board of directors and investors. In our board of directors we have executive and non-executive members that perform day-to-day activities for the company.

As with any business; our structure has its fair share of positives and negatives in dealing with the start-up process. In a Corporation we have advantages that include, but are not limited to, financial and tax benefits due to the size of our company as well as privileges and rights than exceed one that an individual can posses. We also have some disadvantages including the fact that since more than one person is in control it takes longer for decisions to be made if they can not be agreed upon since not only one person has responsibility and ownership, also there are increased licensing fees from the size and number of products our company possesses. If decisions can’t be agreed upon within the business then there needs to be another party that can help finalize the decision that would be best suited for the company. We communicate within each store and then we also communicate back to the Board of Directors and new company officials. In New Zealand we will be able to call or email to discuss other business actions that we need to take when there are not people directly at the store to help deal with it.

A key factor in setting up a franchise is organization. If there is no organization in a company then nothing works properly. For Ben & Jerrys we chose to use a Matrix organizational structure. It combines both the functional and divisional structures to create one perfect combination. On the functional side of things; Ben & Jerrys groups everything by purpose. The functional structure works well for small businesses because it allows for employees and managers to feel like they have a say in things instead of just higher power authorities making decisions for them. For the communication of a company this incorporates the divisional structure of organization. We have easy communication between all levels of divisional labor. In the divisional structure we have a headquarters in the United States that gives directions and sends products to other locations around the world. These different department levels are more like separate companies in different locations so it’s like a mini headquarters separated throughout the world that all report back to one main headquarter station in the United States.

To begin our Ben & Jerry’s franchise in New Zealand a few things will need to be covered first.

* We will need to sit down and have all parts and people involved in the company decide how we should begin.
* We need to agree on a business plan, chose the exact location, figure out finances, get a tax ID number, register for taxes, obtain business license and permits for New Zealand, and begin to hire and train new employees.
* Also we need to set up employee regulations like whom we will hire, how many people, asking for days off requirements, vacation days and company policies.
* All of this will be determined and set in stone at the meeting.

When hiring employees we would like to hire about 10-15 employees, 2 assistant managers and one general manager to oversee everything. The employee’s jobs consist of scooping ice cream, cashier responsibilities, and basic cleaning duties to ensure a safe and clean store.

Our hours of operation will be 10:00 am to 10:00 pm Monday through Saturday. During these days we will typically have two employees on duty until 4:00 pm, as this is the time when people are either at work or in school and will not need ice cream. From 4:00 -10:00 pm we will have 4 employees on duty due to the fact that this is our more packed than during the average day. This is when people come after work or school or after dinner or for a late night treat. On Sunday our hours will be 12:00 pm until 6:00 pm. Not as many people come out on Sundays because it is treated as a family or stay at home day. The General Manager will need to make sure that all operations run smoothly in New Zealand. It will be his/her job to make sure that the employees are on task, make sure their training is up to par and that they are qualified to be representing Ben & Jerrys in New Zealand. Once the General Manager gets the employees on track the company will run a lot smoother.

1. **Proposed product/service**

Ben & Jerry’s products are vast but simple. We offer a variety of different flavors of ice cream, cookie cakes, ice cream cakes, ice cream sandwiches, frozen yogurt, and small treats like candy. The only thing that is not directly manufactured by Ben & Jerry’s is the candy we sell. All of our products will be made in factories and shipped to the store in Auckland where we will provide our customers with the freshest products possible in-store. By having a variety of products being sold at our Ben & Jerry’s we can reach a wider variety of people within our target market. We sell more then just ice cream to be more appealing to people-not every one likes ice cream.

We will not be adapting our products for New Zealand. Ben & Jerry’s is a well-known brand around the world, and we would like to stick with the originality of the brand as well as the company. Before the store opens, we will have our representative survey people throughout Auckland asking their opinion on ice cream flavors, as well as what they like in their ice cream. Using this data, we will make a special edition flavor and sell it only in our Auckland store. This new flavor will attract people from all over the city, because it is unique and specially made for people in Auckland.

All of our products are made in Ben & Jerry’s factories. We use all natural resources for our ice cream, like fresh milk from local farms in the United States. We try to get all of our products from local producers as opposed to other large manufacturers. The only exception would be the sugar, which would be factory made and bought. Ice cream lasts a very long time, through freezers. At first we will plan on manufacturing the ice cream in the United States, and ship it to New Zealand. If our Ben & Jerry’s in Auckland is a success, then we will add more stores throughout the country. With enough stores in New Zealand, we can make a factory in the country and begin to produce the products locally.

With inventory, our shop will always be stocked full with products because they are being imported from another country. We will stock the store with six months worth of ice cream, but every 2-3 months they will get shipments of new ice cream. Some months like during the summer the sales will be high, and some like the winter months will be lower than others so we will plan accordingly. The only supplies needed for the shop will be necessary items to provide the ice cream to the customers. We will have scoops, spoons, testers, cones, cups, bowls and additional supplies in the store at all times. The storeowner will buy these supplies locally. Also in every store, we will have menus placed on the wall underneath the counter, along with mobile smaller menus for the customers to take.

In terms of transportation the ice cream will be shipped from the United States (main factory in Vermont) to Auckland and will be transported to our store via a local company. Our city is a port city, so we have the ability to directly send the goods to Auckland. This mode of transportation is at very low risk as well as low cost. Dock receipts and invoices will be handled by and American representative that is over-looking the store manager in Auckland.

1. **Proposed strategies**

New Zealand uses the New Zealand dollar, which is .72 of the United States Dollar. Although they speak English and have many of the same cultural customs as the United States they do not use the same currency as the United States, which could make it difficult for the changing of prices from the United States dollar to the New Zealand dollar. In terms of individual pricing we will operate on a system based off of a 50% mark up from prices in the United States. For example if a small cup was priced in the United States for $4.00 then we would mark it up to $6.00. Then in New Zealand it would be $4.32 since their currency is .72 of our US dollar. We offer three different sized cups of ice cream and we also offer two types of cones, two sizes of milkshakes and a pint, quart and gallon for take home use. For the cups a size small are $4.00 USD, a medium is $5.00 USD and a large is $6.00 USD. A waffle cone is $3.50 USD and a cake cone is $3.00 USD. A small milkshake will cost $5.00 USD and a large will be $6.25 USD. A take home pint of our ice cream will be $4.50 USD, a quart will be $6.00 USD and a gallon will $9.50 USD. Keep in mind that all of these prices will be converted to NZD with a 50% markup once we place prices in the store. We will also have conversions for those travelers who want to pay in USD. The 50% markup will aid our company in our transportation costs and allow us to make a comfortable profit. A mark up of this size is not as significant as it sounds and will really boost our revenue.

 Throughout our first year in New Zealand we will need to promote our new business and be able to let consumers know why we are here, where we are and what we offer. Before we get settled in we will release a billboard with the name of our company, where we will be located, our logo and when we will open. This will allow for our consumers to get excited about our product and our new launch in their company. In addition to the billboard we will have ads on both the radio and television advertising the opening of our new store and in the newspaper with special promotional deals. In the newspaper we will include deals like 20% off their first purchase along with buy one get one free on all of our take home ice cream products. On our first day opening we will offer free ice cream to the first 50 customers. This will make them feel welcome and feel like we care about their well being as a consumer.

1. **PLANNED FINANCING**

When opening up our new store in New Zealand our plan is to open a full size store similar to a small boutique size. The start up cost for a full size store is anywhere between $189,600 USD and $430,800 USD. This price varies on location, accessibility, and what time of the year you decide to open the new store. We are estimating that for us that it will cost approximately $400,000 USD. This price is a little above a median price for opening an average Ben & Jerrys store. We expect this price to vary a little once we start because we are opening up a store overseas and are not entirely sure on the exact price of labor that we will be charged to construct and refurnish the store once we arrive. We also have to ship in our materials since we do not have a producer in New Zealand. An estimate for a three-month operating expense is about $55,00 USD. We predict that ours will be around that price or a little bit higher due to our inability to have an excess of goods in the area. However we do believe that this will run approximately on track. The Ben & Jerrys franchise will supply us with our start up fees and then we hope for a great return profit to prove the worth of the start up store in New Zealand.



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