

SUPER PRICED

HÄAGEN-DAZS

IS HAPPY WITH A SMALL SCOOP OF INDIA

For General Mills, the company that owns the brand, Häagen-Dazs isn't an ice cream but an experience. But after three years in India, consumers are being true to the ice cream's tagline - 'slow melting in progress'

:: Nupur Amarnath

In some corner of the world, a young girl is lying on her bed with a cup of ice cream. In her hand, the cup warms up. She's watching it intently, licking her lips, playing with the spoon. You wait with her. And a seductive voice says: "701 heartbeats, 403 rapid breaths, 162 blinks of an eye, 18 taps of the spoon". Oh my! The voice tells you "because Häagen-Dazs is rich, it takes longer to soften into blissful creaminess...waiting only makes it sweeter". You believe her. You want to. The girl squeezes the cup. Oh! Finally, she scoops a spoonful and closes her mouth on it. The tagline: Anticipated like no other...Häagen-Dazs.

Phew! In 2011, this was General Mills' - the Minneapolis-headquartered food conglomerate that owns the ice cream brand among others - first Häagen-Dazs commercial that aired across geographies. But this was not for India. Not for us the scoop seductress indulging in her ice cream foreplay.

But if you look at Häagen-Dazs history (if one can call three years that) in India, their marketing strategy might have already hit the spot. In 2009, the ice cream brand opened its exclusive lounge in a tony south Delhi mall

with a pitch that defied logic. Ad agency TBWA created signs outside the lounge that said, "Restricted only to holders of international passports". Needless to say, it created outrage. Three years hence you might not have still stepped inside the lounge but you might remember the publicity gaffe. Talk about recall value. Not that the ice cream brand is proud of it. They apologised then and have been careful about going all out in the market with the Häagen-Dazs brand of semi-erotic branding.

The Grown-up Ice Cream

For Arindam Halder, director, premium foods, General Mills India, it's not about "communication for communication's sake". Because they are not selling ice cream but an experience! "It's an ice cream for the young adults who are discerning, quality and brand conscious," he says, ID-ing the Häagen-Dazs customer. Globally, the brand character of Häagen-Dazs is sprinkled with words like "indulgence", "affordable luxury" and "intense sensuality". And India stays true to this brief.

"We are following the global vision of Häagen-Dazs

The Inside Scoop

HÄAGEN-DAZS IN INDIA AND THE WORLD

ESTABLISHED 1961 ENTERED INDIA 2009

CATEGORY Super Premium
{ ice cream ■ bars ■ yoghurt and sorbet ■ signature desserts }

OWNED BY General Mills
{ Owns brands like Cheerios, Nature Valley, Betty Crocker, Pillsbury, Green Giant, Old El Paso among others }

GLOBAL REVENUE (GENERAL MILLS) \$16 bn
(includes joint ventures, 2010)

HÄAGEN-DAZS GLOBAL REVENUE \$500-750 mn
(Doesn't include US figures as Häagen-Dazs is distributed by Nestlé in the US)

COUNTRIES 50+

LOUNGES 900 worldwide IN INDIA 3 (Select Citywalk & T3 Terminal, Delhi and Oberoi Mall, Mumbai)

SUPER-PREMIUM SEGMENT IN INDIA 1-2% of the total branded market (Defined by average price point of over ₹125 per scoop)

MAJOR PLAYERS Häagen-Dazs, Mövenpick and Swensen's

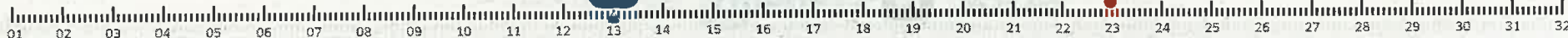
HÄAGEN-DAZS IN INDIA PACKAGE SIZE & PRICE POINT Mini cups (₹625) and pints (₹200). Signature creations from ₹200-1,300

ONE SCOOP Starts at ₹180

RETAIL PRESENCE Available at Godrej Nature's Basket, Hypercity, Modern Bazaar, Food Hall, Le Marche among others

HOTELS Grand Hyatt, Renaissance, JW Marriott, Taj President, Hyatt (Goa), Taj Vivanta, The Leela in Delhi and more

*Häagen-Dazs didn't share its India sales figure SOURCE: FORTUNE, BUSINESSWEEK, TECHNOLPAK ADVISORS



where we are fighting for mindshare in the luxury and experience market," Haldar tells you and adds, "We position ourselves in the fine-dining segment." And they sure can, considering the super-premium segment where Häagen-Dazs operates, according to retail consultancy Technopak Advisors, is between 1-2% of the total branded ice cream market worth \$200 million which is growing at 20-25%. The segment is defined by average price point of over \$3 or ₹125 per single scoop. At ₹180-200 a single scoop Häagen-Dazs is there, along with Mövenpick and Swensens.

"The trend of premiumisation is apparent," says Neelesh Hundekari, principal and head, luxury & lifestyle practice at AT Kearney India, "Then there's a trend towards 'artisanal' brands - though it's seen more in cakes and brownies." According to him, there's a move-up in all categories. "The brands which entered earlier were all focused on the middle class, now as that segment matures - rapid growth is seen at the fringes - top end or luxury and bottom end," he says. Häagen-Dazs could well be an example of a luxury brand in ice cream.

Ice Cream Parlour Redux

The 50-year-old brand that created the super-premium ice cream segment in 1961 is what is the proverbial jewel in the General Mills crown. The company owns brands like Pillsbury, Cheerios, Nature Valley, Betty Crocker, Old El Paso, Progresso, Yoplait and more. After all, it's the only luxury brand among the humdrum of cereals, snacks and yoghurts. General Mills has exploited its niche especially in the burgeoning overseas market and more so because it's Nestlé that controls the product in the US, where about 45% of all Häagen-Dazs is sold. Technically, all of General Mills Häagen-Dazs revenue comes from the overseas market.

With a mere 2% share in the global ice cream industry, General Mills is ranked fourth behind Unilever (Ben & Jerry's), Nestlé and Japan's Lotte, but has managed to do well all thanks to their corporate creativity. Their trump card: the Häagen-Dazs shops that help enhance your ice cream experience. Haldar tells us that all ice cream lounges - be it in Champs-Élysées or Mumbai - follow a customised design and offer the same Häagen-Dazs experience.

₹200 Per Scoop

We experienced it in the Select Citywalk outlet in New Delhi at 10 pm on a Wednesday. An affable host greets and seats you. You can choose the restaurant seating to the lounge seating. We picked the latter behind the caramel-coloured metal curtains surrounded by the huge wallpapers of Häagen-Dazs women scooping the 'slow-melting' ice cream. The waiter takes your order and makes suggestions if you are undecided, very much like a fine-dining place. For ₹966, three people have indulged their sweet cravings from a scoop to double scoop to a signature dessert. You can call it a day with a cup of Illy coffee.

Despite being a weekday, enough ice cream junkies walk in after 10 pm for a scoop or two. But no one - including the infamous Delhi brats - treat it like just another ice cream parlour. At ₹500-1,500 tag for two, you dare not. Going by the response - Haldar claims growing customer loyalty that they have been tracking through mystery shopper programmes - they are planning yet another lounge in

In 1991 Häagen-Dazs came up with the "Lose Control" concept (pic above). Needless to say the brand hit the sweet spot with sky-rocketing sales in the UK. The same year, Newspaper Marketing Agency used it in their iconic ad campaign to drive home the point that through newspaper advertising Häagen-Dazs built its luxury brand during the worst recession since 1945 and achieved a sales increase of 398%. The Häagen-Dazs pitch is simple: keep it sensual not sexy, persuade not shock, sophisticated not uppity and playful not kiddish. And it has worked for them!



Mumbai to add to the existing three. "The ice cream lounge is a dessert destination and General Mills has 900 such lounges worldwide," Haldar says.

These lounges are the key differentiators for Häagen-Dazs globally. The lounge pushes the brand away from the grab-a-scoop shops as most ice cream parlours are into an aspirational category. Globally, ice cream lounges bring in less than a fifth of General Mills' Häagen-Dazs revenue but they are what provide the "Häagen-Dazs moment". Such moments can cost ₹1,300 for an ice cream fondue.

The shops are more than just ice cream.

There's a fair bit of localisation globally like ice cream sushi in China, ice cream teppanyaki appetisers in Japan and Limited Edition desserts in Paris. In India, however, it will be a while before one sees a kulfi Häagen-Dazs. "The localisation will come but not right away," says Haldar.

Cold Comfort

Currently General Mills is the fourth-largest food company in the US behind Nestlé, Kraft and PepsiCo with revenues of \$16 billion in 2010, including revenue from joint ventures, about 18% of which comes from international sales. Various business reports

have suggested that the global Häagen-Dazs sales are up 11% for 2011. At present China is their best market growing at 21% annually.

In India, however, the company doesn't reveal exact growth figures. But claims it is healthy and customers are literally lapping it up. The brand has also tied up with some five-star hotels like Grand Hyatt, Renaissance, JW Marriott, Taj President, Hyatt Goa, The Leela in Delhi and retails from all the premium outlets like Le Marche, Godrej Nature's Basket, Hypercity, Modern Bazaar and more. Haldar says Häagen-Dazs plans to be present at all the relevant touchpoints where its target consumer shops - in toy malls and fancy department stores.

"Selling a premium ice cream brand is location-driven - it needs to be premium and relevant," says Pinaki Ranjan Mishra, partner and national leader, retail and consumer products, Ernst & Young. But he adds that the market is still very small, "The ice cream market is fragmented with very few national players and strong regional players. Selling an ice cream as an aspirational brand is new."

What makes the Indian market not an ideal playing ground is the low level of ice cream consumption. According to Technopak data, the annual per capita consumption of ice cream in India is 300 ml vis-à-vis 22,000 ml in the US and 3,000 ml in China. Pratiche Kapoor, associate vice-president, food services & agriculture, Technopak Advisors says, "From consumer side the consumption pattern and initial perception is a challenge. From supply point of view the ice cream makers are also facing an array of challenges." What Kapoor is referring to is lack of reasonably priced yet well-located real estate, poor infrastructure especially cold chains and deeply entrenched local players. In fact for this reason Häagen-Dazs actually provides their own freezers to distributors, as their ice cream requires colder temperatures than other variants.

Cool Quotient

When Reuben Mattus, with wife Rose, found the brand he wanted it to be super-premium. He intended to more than what an ordinary ice cream cost. In that he created a new category altogether. Today, Häagen-Dazs claims it doesn't compete in the category where Ben & Jerry's is but where Louis Vuitton belongs. As the brand steward of Häagen-Dazs mentioned in a recent *Fortune* interview, "If our mindset is competing in ice cream, we fail because we're charging two to three times what others are charging."

Interestingly Häagen-Dazs doesn't mean anything. It's not a Danish maid, snowy days or a dollop of goodness, it's just a term that Mattus, a Polish-American entrepreneur, threw together in 1961 because it sounded foreign and evoked the goodness of a pure dairy product. He even added the umlaut over "a" to make it sound more authentic. So much so, when the brand reached France, they couldn't even pronounce it!

Many Indians might face a similar problem of pronouncing it but like other luxury brands, currently it's the tag conscious that Häagen-Dazs wants to get to its side. Maybe they had the "restricted only to holders of international passports", playing on the Indian mentality of feeling exclusive all the time. Then again, it was not the right time. But Häagen-Dazs knows, "waiting only makes it sweeter". ■