

# Product, Service, and Customer Management of Baskin-Robbins in Korea

Hyung Seok Lee (Corresponding author)

Department of Business Administration, Sahmyook University

Hwarangro-815 Nowon-gu, Seoul 139-742, South Korea

Tel: 82-2-3399-1561 E-mail: hslee@syu.ac.kr

Eun Kyo Choi

Graduate School of Business Administration, Ewha Womans University

E-mail: eunkyo314@naver.com

## Abstract

The purpose of this study is threefold: 1) to provide an overview of Baskin-Robbins in Korea; 2) to introduce its three key operations management strategies; and 3) to explain its successful localization in Korea. BR-Korea has enjoyed high recognition and financial success by offering high-quality services and products to customers. The key reason behind its success has been its efforts to better understand its customers' needs. In other words, BR-Korea has clearly understood that, to achieve success, it must not only offer products of the highest quality but also meet the various expectations of its customers.

**Keywords:** Product management, Service management, Customer management, Baskin-Robbins

## 1. Introduction

Burt Baskin and Irv Robbins established Baskin-Robbins (BR) in the U.S. to capitalize on American's love of ice cream by providing tasty products of the highest quality. BR operates under the unified identity "Baskin-Robbins 31," which refers to a flavor for each day of the month. Since the first store opened its doors in 1945, BR has introduced over 6,000 stores in 35 countries. In Korea alone, there are more than 700 stores (<http://www.baskinrobbins.co.kr>; E-daily, 2009).

BR targets mainly younger children, and it has been successful in distinguishing itself from others by adopting "Fun" as a way to achieve market acceptance. They also created the slogan "We Make People Happy" because BR is not only an ice cream shop but also a place where people can gather in a fun, personalized atmosphere and enjoy ice cream.

The first BR shop opened its doors on a busy street corner in Myongdong (Seoul) in 1985 to satisfy people's desire for a Western lifestyle, contributing to the development of Korea's food service industry. In those days, there was very few high-quality ice cream products sold in Korea. The entry of BR sparked the formation of a premium ice cream market in Korea; whereas most of the ice cream products sold at that time were typically pre-packaged, BR's ice cream was sold in scoops.

This study provides a review of BR's three key operations management strategies-product, service, and customer management strategies-which have been critical in making BR into one of the biggest and most admired ice cream enterprise in the world as well as in Korean.

## 2. Product Management

BR has never used artificial flavorings; its extensive R&D efforts have focused on developing a wide range of flavors by using natural ingredient. As a result, BR's products smell distinctly different from other products, which has helped BR to differentiate its products from lower-quality ones (which typically use oil/fat and artificial flavorings) and consistently increase customer satisfaction. In addition, BR has introduced new products with less calories by using fruits to reflect recent trend (Lee and Bae, 2006). In particular, to address the advent of other premium ice cream products, BR introduced ice cream cakes to maintain its competitive advantage. Since 2000, BR has maintained different strategies for its ice cream and ice cream cakes. As a result, there has been less seasonality in ice cream cake sales; in fact, December is the best month for ice cream cakes.

BR-Korea has implemented its "Nickname Marketing" campaign since 2004 to take advantage of movie titles

such as “I am Sam,” “My Mother is E.T.,” “Gone with the Wind,” and so forth to appeal to customer who are less familiar with English. BR has 18 permanent ice cream flavors, 13 that are changed every one to three months, 32 sold as “New Product for This Month.” Based on this system, BR-Korea may have introduced a total of 273 flavors since August 1985. Recently, BR-Korea announced its plans to introduce 300 flavors in Korea (The Korea Economy Daily, 2009).

In addition to flavors developed by BR in the U.S., there have been a large number of flavors developed directly by BR-Korea, which have been sold not only in Korea but also in the U.S. and other markets. BR-Korea sold 9600 ice cream cakes to BR in the U.S. in 2008, which exported 500,000 to Arab Emirates, Saudi Arabia, Malaysia, and China in 2009. This suggests that BR-Korea has been recognized for its quality and technical ability. In addition to its cakes, BR-Korea’s Hard Rock yogurt and “Cafe 31,” a high-class dessert cafe, have been exported in 2007. In particular, the Hard Rock yogurt’s lactobacillus is alive. It is a type of wellbeing yogurt ice cream and served with a wide range of toppings such as raw fruits, chocolate, and cookies on a cold marble at 15 degrees C below zero. Noteworthy is that BR in the U.S. has used this concept to develop a range of yogurt products (E-today, 2010).

In this way, BR-Korea has satisfied the changing needs of its customer and developed new products to maintain its leadership position in the ice cream market. As a result, its products satisfy the taste of not only domestic customers but also foreign ones. Since January 1, 2010, BR has indicated the ingredients on the label of ice cream products (also on its homepage) to help customers manage their calorie intake for weight management and ensure safe and nutritious eating habits of their children (Sisaseoul, 2010). Further, BR-Korea has been designated as the first workshop among comparable ice cream enterprises in 2003 by the HACCP (Hazard Analysis Critical Control Point) and received ISO22000 for its factory in Eumsung, (Choongchungbuk-do) in 2010. ISO 22000 is a certificate given by the International Organization for Standardization to companies that meet a certain set of criteria for various management systems as such the food safety management system (purchasing raw material to processing, packaging, shipping/distribution, and spending ) (Financial news, 2010). In this way, BR-Korea has made efforts to establish a world-class food safety system to improve the quality of its products and gain consumer confidence and preference for BR’s taste and brand.

### 3. Service Management

Since the beginning, BR has offered chairs and tables to customers wishing to eat their ice cream at the store. The founders of BR wanted to serve not only ice cream but also the enjoyment of eating ice cream. As a result, customers can relax in a friendly and relaxing environment filled with colorful posters and enjoy their ice cream. Based on this concept, BR introduced its “Premium Ice Cream Shop,” which provides the best-quality service for customers and offers a diverse range of flavors using high-quality ingredients.

BR has started establishing high-class ice cream themed cafes centering on Cafe 31 since 2005. Such cafes provide larger, softer seats and additional space (e.g. outdoor terrace areas) for more comfort and enjoyment. BR has renovated even its homepage to provide better access to product information. Such efforts have broadband BR’s point of contact with its customers, which has helped BR to better understand customer needs and desires regarding premium ice cream (Edaily, 2009).

BR-Korea provides their customers with all types of benefits through various events. Because there are 31+ types of flavors, customers have differently in choosing a flavor. In this regard, BR-Korea has been offering a “Spoon for Sampling”. Shop clerks help customers select ice cream by allowing them to test various their flavors while providing some information on the features and ingredients of the ice cream. BR-Korea also has an event in which an upgrade to a larger size is free on every 31<sup>st</sup>. Other events include gift certificates “Happy Together” in conjunction with Dunkin’ Donuts (<http://www.baskinrobbsins.co.kr>).

### 4. Customer Management

BR-Korea makes diversified efforts to manage customer relations. Recently, it expanded its business by offering shops in rest areas on expressways to offer a comfortable environment for older customers on long-distance trips. In addition, BR-Korea opened an official blog to enhance better communication with customers (Ajoon Economy, 2009; Herald Business, 2010) and began the first “EYE” (Express Your Experience) period featuring a monitoring team composed of 20 consumers. The EYE program allows customers to appreciate and provide feedback on the taste and service of BR-Korea at regular intervals. The teams, composed of customers of all ages, play different roles in the preparation and development of new product ideas over the course of 6 months. This is an important part of BR-Korea’s prosumer marketing efforts to incorporate consumer opinion into its decision-making processes (Newsis, 2010). BR-Korea, with its success in introducing and managing customer-centered shops, has been selected as an “Excellent Service Quality Company” by the Korean Standards

Association under the supervision of the Korea Technology Standards Institute, the Ministry of Knowledge Economy. The Certification of Korean Excellent Service Quality Company is a certification system introduced by the Korean government in 2001 to standardize the service sector. A successful company needs to score at least 800 points (out of 1000) to be certified through the 3-step evaluation system (field evaluation, customer evaluation, and mystery shopper evaluation). BR-Korea was able to get a high score by offering customers opportunities to experience various products and participate in products development (Financial News, 2008). In 2009, for the 6th consecutive year, BR-Korea was selected as “1st Super Brand” (for the ice cream store) by the “Brand Olympics” of the Korea Industrial Policy Institute, “The Super Brand” is selected through a questionnaire survey of 3,000 consumers between the ages of 20 and 60 on their TOM (Top of Mind), their awareness (Newsis, 2010).

## 5. Discussion and Conclusion

BR-Korea has enjoyed high recognition and financial success by offering high-quality services and products to customers. The key reason behind its success has been its efforts to better understand its customers' needs. Its “Customer Satisfaction Card” is a good example. Customer satisfaction cards are available in all stores for customer feedback and they have helped BR-Korea to meet the needs of its customers more efficiently. The customer questionnaire measures customer satisfaction (for services, products, and cleanliness) and overall satisfaction through a five-point scale.

Since 2006, the questionnaire, using a five-point scale, has addressed customer feedback on shops and products separately. Specifically, the shop items include the overall atmosphere and cleanliness of the store; the appearance and attitude of salesperson; and the promptness of their service. The product items include the taste and quality of ice cream and beverage/menu items; product selection; and the reasonableness of prices. The questionnaire, simple and brief until the early 2000s, has become more detailed since the mid-2000s. This questionnaire has enable BR researches to evaluate products and services objectively and helped BR to successfully implement a wide range of marketing activities based on customer feedback.

BR-Korea has clearly understood that, to achieve success, it must not only offer products of the highest quality but also meet the various expectations of its customers. This also illustrates BR-Korea's superiority, which is demonstrated by “the Best Service” award BR-Korea received.

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