

Ben & Jerry's new flavor: fancier stores

In its first redesign under Unilever, the funky scoop shop goes upscale and global

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FORTUNE -- Ellen Kresky is trying not to say anything bad about the old Ben & Jerry's store design.

"Somebody said it best, I don't remember if it was during the consumer research that we did or ... no, I can't say this -- " says Kresky, the brand's creative director. Then she says it: "It felt to them that it was like walking into a children's playground."

If you've ever stepped foot in one of the quirky, iconic ice cream brand's retail shops, you might agree. For years the stores were an almost aggressively cheerful take on an old-style soda shop, with black and white checked floors, decorations that included cartoon ice cream scoops and yellow stars, and walls painted in shades of bright yellow, red, and purple.

Astute Chubby Hubby lovers, however, might soon start to notice a new look and feel to the stores. The chain has started a remodeling effort that, launched in 2008 in a few select stores, has accelerated and will be spreading to many more of its stores this year. The checkered floors have been replaced by a ceramic tile that evokes maple wood. Light bulbs are made from antique milk bottles, and instead of cartoons, there are pastoral farm scenes on the walls. The overall effect is less kids' playground, more Restoration Hardware.

Since Kresky and San Francisco design firm Tesser created the new look five years ago, the chain's more than 600 worldwide locations have been rolling it out piecemeal, depending on what each franchisee can afford in any given year. So far, about half the stores have half of the upgrades, says Debra Heintz, the company's global director of retail scoop shops. Almost all of them have the new paint and graphics, and most are now starting to add the updated exterior signage, new cabinetry, and floors. In the last two years, the pace of change has accelerated as the company dedicates more money to matching franchisees' investments in renovation.

It seems to be working. Stores that remodel see a 10% boost in sales, Heintz says, about on par with industry averages after a revamp. All told, Ben & Jerry's supermarket and retail sales have totaled \$562 million so far this year, according to market research firm IRI, up from \$486 million in 2009. The vast majority of that comes from pints destined

for consumers' freezers (this shouldn't come as a surprise to anyone who's downed one on the couch in front of the TV at home), so the stores serve mainly as brand advertising.

But it's still a competitive market. Scoop shops are not a growth industry in the U.S.: The market is mostly saturated, and any expansion must be wrested from other companies. One way to do that is to make a nicer store. Technomic executive vice-president Darren Tristano says he's seen a slower uptick in expansion from Ben & Jerry's and a greater emphasis on remodeling existing shops.

Another factor: an onslaught of competition from frozen yogurt chains, new players like Menchie's, Yogurtland, 16 Handles, and Pinkberry. But frozen yogurt is still small potatoes with Americans' appetite for ice cream. "For every eating of frozen yogurt there are 10 times the number of eatings of ice cream," says NPD Group chief industry analyst Harry Balzer. Some 43% of Americans are going to eat ice cream in some form in the next two weeks, Balzer says.

[Ben & Jerry's got its start](#) in 1978 as an ice cream maker with an activist streak. In 2000, it was purchased by Anglo-Dutch food giant Unilever ([UNL](#)), which has since embraced the brand's counterculture roots. Its environmental messaging and no-GMO campaigns dovetail nicely with [Unilever CEO Paul Polman's efforts](#) at sustainable corporate practices. Under Unilever, Ben and Jerry's has kept up its social mission: It supported Occupy Wall Street (the original Ben and Jerry handed out scoops in Zucotti Park); it pays entry-level employees double the minimum wage. It's still churning out lefty-themed flavors like "Imagine Whirled Peace."

But make no mistake, in its first-ever redesign as a Unilever company, it's clear there's now a hefty helping of corporate power behind the brand. Design firm Tesser also counts Wendy's and Kentucky Fried Chicken as clients. Their challenge with Ben & Jerry's was to create a global concept -- one that smacks of American authenticity, but that plays as well in Singapore as it does in Schenectady. More than half of Ben & Jerry's franchisees are international, up from about 10% before Unilever bought the company. In last quarter's earnings call, Polman highlighted the company's success selling ice cream abroad: Some 40% of Unilever's ice cream sales are now in emerging markets.

Back at Ben & Jerry's headquarters in South Burlington, Vt., the concept for the new stores is referred to internally as "Summer of Love meets Vermont Dairy." That includes what Kresky calls "dairy cues," a little subliminal messaging to drive home the theme (if the larger-than-life images of cows weren't enough). "We used a lot of creamy white," she says. "It's one of those details that a customer would probably never say to you, 'Oh yeah, that looks like milk.' But it looks homey and inviting." And also not a total break from the brand's funky past: There are still choice '60s elements like the occasional peace sign, and what Kresky calls "a judicious use of tie-dye."

The roll-out has not been without a hiccup or two. Heintz says one of her favorite elements of the new store is the "flavor curtain," a series of wires holding pint lids together, sort of like Christmastime popcorn-on-a-string garlands. The feature brings the brand message back to the company's primary product, pints. But kids seem especially enamored with it, and frequently tear the cardboard.

Will the fancier look change people's appetite? Maybe. Innovation aside, NPD's Balzer says the frozen treat business "really hasn't changed a whole heckuva lot." "Ice cream will always be a part of our future," he says. As Ben and Jerry themselves might say, that's groovy. And profitable, too.