

When Big Fish Eats Small Fish Unilever's acquisition of Ben & Jerry's

MANAGEMENT DECISION

The authors prepared this case solely as a basis for class discussion and not as an endorsement, a source of primary data, or an illustration of effective or ineffective management. Although based on real events and despite occasional references to actual companies, this case is fictitious and any resemblance to actual persons or entities is coincidental.

A deal beyond the ordinary

Unilever's acquisition of Ben & Jerry on April 11, 2000, was ultimately a good strategic decision: in the end, both companies were able to benefit from the deal. However, it was also a risky one, at least in the beginning as Unilever had not fully anticipated the storm of critique that would follow the business deal. This was not a problem Unilever had faced before—the many other brands in their portfolio had been launched by them or acquired without controversy.

Looking at the deal from a long-term perspective it is possible to assume that Ben & Jerry's acquisition was one of the better deals Unilever has achieved. However, before entering the historical present, let us walk you through Unilever's initial actions and management decisions to balance and maintain Ben & Jerry's authenticity and identity as a socially responsible brand with the need for viability and long-term sustainability.

Short-term actions

Initial aftershocks

Pre-acquisition, Ben & Jerry's was ranked fifth on the Wall Street Journal's list of most socially responsible companies. Post-acquisition, they were ranked thirtieth (Martinson, 2001). There was no question that their reputation had been seriously compromised and they needed to re-earn several elements of their corporate brand reputation: credibility, trustworthiness, willingness to support, differentiation, and responsibility.

Unilever attempted to restore Ben & Jerry's reputation starting with brand structure. Instead of operating Ben & Jerry's as a product brand or using Ben & Jerry's to strengthen their own corporate brand, Unilever used a different brand structure: **independence**.

A new type of management

While the other ice cream brands in Unilever's portfolio were all product brands, Unilever decided, at least initially, to manage Ben & Jerry's as their own corporate brand within Unilever. Ben & Jerry's not only retained their Vermont headquarters but would continue to have their own CEO and Board of Directors. The

Board of Directors is almost wholly independent of Unilever; they were put in place to protect Ben & Jerry's brand identity as a socially responsible company that produces high-quality ice cream. Twenty-one years after the acquisition, Unilever is still running Ben & Jerry's as a corporate brand within the larger organization. Ben & Jerry's is currently the top-selling ice cream brand in the U.S (**Exhibit 1**) (Wunsch, 2021): the independence strategy works well for both Unilever and Ben & Jerry's and seems to be likely to continue.

New boss

Cohen and Greenfield recommended a CEO from within Ben & Jerry's but Unilever appointed one of their own long-standing employees, Yves Couette. Couette knew he needed managerial changes without changing Ben & Jerry's brand identity. He continued on to make some significant changes within the organization such as closing plants and downsizing through job elimination, following the two-year grace period. These actions were initially not very well-received by Ben & Jerry's employees. He justified his actions stating “the best way to spread Ben & Jerry's enlightened ethic throughout the business world was to make the company successful” (Caligiuri, 2012). After all, Ben & Jerry's has struggled financially and the company needed to make changes in order to become financially sound again. Furthermore, Couette also pledged that he would continue to maintain the social mission of Ben & Jerry's. Once again, by allowing Ben & Jerry's independence within the Unilever organization.

Long-term actions

Unilever goes green

Stakeholders feared that Ben & Jerry's would lose their identity once they were acquired by a company as large as Unilever. Most of those fears did not come to pass—in fact, Unilever began changing their corporate brand identity to be more like Ben & Jerry's. This change took off in 2009 when Paul Polman took the seat as CEO of Unilever, implementing the strategy of sustainable economic growth. During his time as CEO, he made several efforts to make Unilever more sustainably conscious, among these being the implementation of Unilever's Sustainable Living Brands. This is a commitment to reduce the environmental and social impact in the production of products made by a number of brands owned by Unilever. Not surprisingly, Ben & Jerry's is among these brands and is often presented as one of the poster children of this initiative (**Exhibit 2 & Exhibit 3**). Showing that the strategy of giving Ben & Jerry's free reins right after the acquisition, to further develop their social mission was the right decision. Furthermore, in the long-term, this has

reflected well on both Ben & Jerry's and Unilever.

Expanded social missions

Under Unilever, Ben & Jerry's was able to increase their social responsibility mission. Employees determined which causes meant the most to them and which ones Ben & Jerry's could have an impact on and the company committed to activism in these areas. Ben & Jerry's has campaigned for climate change awareness ("If it's melted, it's ruined", with a video showing that the effects of two degrees of warming on ice cream [Ben & Jerry's, 2015]), same-sex marriage rights (refusing to sell two scoops of the same flavor ice cream in Australia until same-sex marriage was legalized there, even when no political parties supported marriage equality), racial justice (their website offers in-depth explanations of the Black Lives Matter movement and the history of white supremacy in the U.S.) and income equality (they were the only corporation to support the Occupy Wall Street movement).

Stakeholders were worried that Ben & Jerry's social responsibility would be lost after the acquisition. Unilever did change some of Ben & Jerry's policies—for example, the pay ratio of 7:1 pre-acquisition jumped to 17:1 post-acquisition (Edwards, 2011)—but with Unilever's resources and distribution, the scope of Ben & Jerry's activism increased. Targeting and committing to particular causes helped balance Ben & Jerry's mission-driven core with financial sustainability.

The Ben & Jerry's Foundation, which supports grassroots activism and received 7.5% of Ben & Jerry's annual pre-tax profits before the acquisition, is thriving under Unilever's ownership. Currently, Ben & Jerry's donates 7.5% of pretax profits annually *or* \$1.1 million—whichever is higher (Unilever, n.d.).

Subtle endorsement

In 2009, Unilever began to strengthen their corporate brand by acting as an endorser of their product brands on packaging and advertisements. They have treated Ben & Jerry's, however: Ben & Jerry's advertisements do *not* feature a Unilever endorsement and while the packaging does include an endorsement, the Unilever logo is subtle, especially compared to other endorsements and logos on the packaging (**Exhibit 4**). Though Unilever's corporate brand would likely be strengthened by a visible association with the highly reputable Ben & Jerry's, the Ben & Jerry's brand would be too weakened by an obvious reminder of their owners.

Ben and Jerry

Cohen and Greenfield briefly held board positions and met with Couette to offer advice on the company but ultimately, neither stayed on in a brand management or executive capacity: they work solely on activism now. Brand management remained cognizant of the fact that Cohen and Greenfield's names were on the products and that the two of them would always be associated with the brand, even now they've ceded control.

In fact, Ben & Jerry's was able to use the founders' perpetual association with the brand to their advantage. In 2016, Cohen and Greenfield were arrested during a Democracy Now protest at the U.S. Capitol. Ben & Jerry's proudly published the news on their website and adopted it as a signature story to convey the brand's personality: *we're not shy about taking a stand* (**Exhibit 5**) (Ben & Jerry's, 2016).

The two have since mellowed in their reaction to the acquisition, which suggests that they approve of what's happening at Ben & Jerry's since their departure. "I am pleased that Ben & Jerry's is able to continue its innovative mission", Greenfield said. "We get a lot of support – sometimes I'm a little surprised at how supportive Unilever is" (Reuben, 2012).

Exhibits

Exhibit 1 - The leading ice cream brands of the United States in 2020, based on sales (Wunsch, 2021)

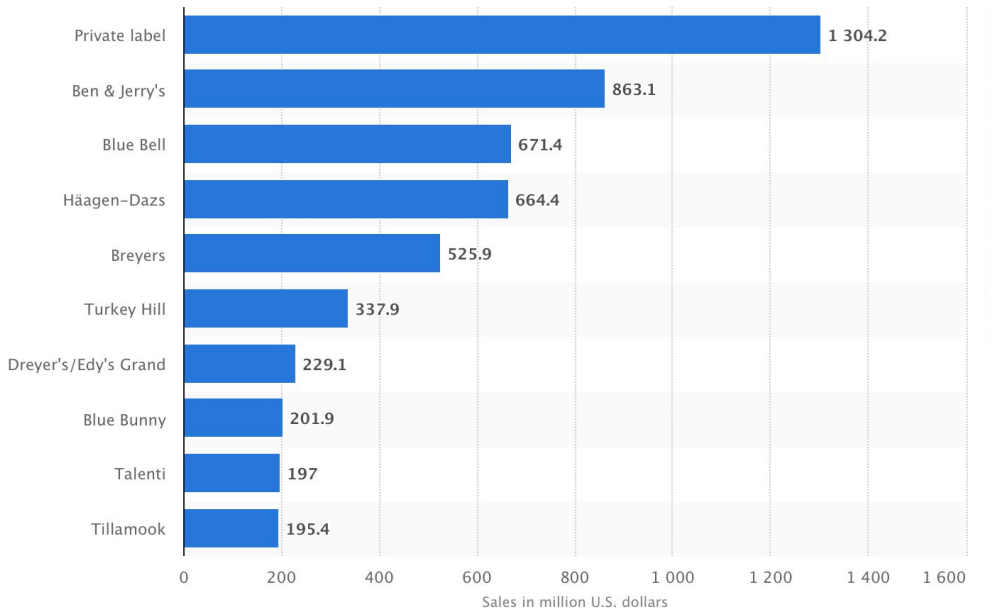


Exhibit 2 - Unilever showing support for Ben & Jerry's environmental mission



Exhibit 3 - Unilever promotes Ben & Jerry's among other Sustainable Living Brands

Helping millions of people access more plant-based ingredients

More plant-based products

New launches

Knorr Selects* range in the US offers options without gluten, with F50 ingredient, others are source of protein or fibre, and all made without any artificial flavours or preservatives.

Knorr veggie-chips in Russia – gluten free and a source of fibre, made with 145g of fresh vegetables per serving

Hellmann's mayo* in the UK

Unilever Food Solutions

The Vegetarian Butcher available in Belgium, DACH, Netherlands and UK

Ben & Jerry's Non-Dairy with a sunflower butter base suitable for consumers who may have tree nut allergies. Available in Europe

Magnum Vegan available globally

Pack shots for illustrative purposes only *HNS compliant

Exhibit 4 - Unilever's logo as seen on a pint of Ben & Jerry's ice cream

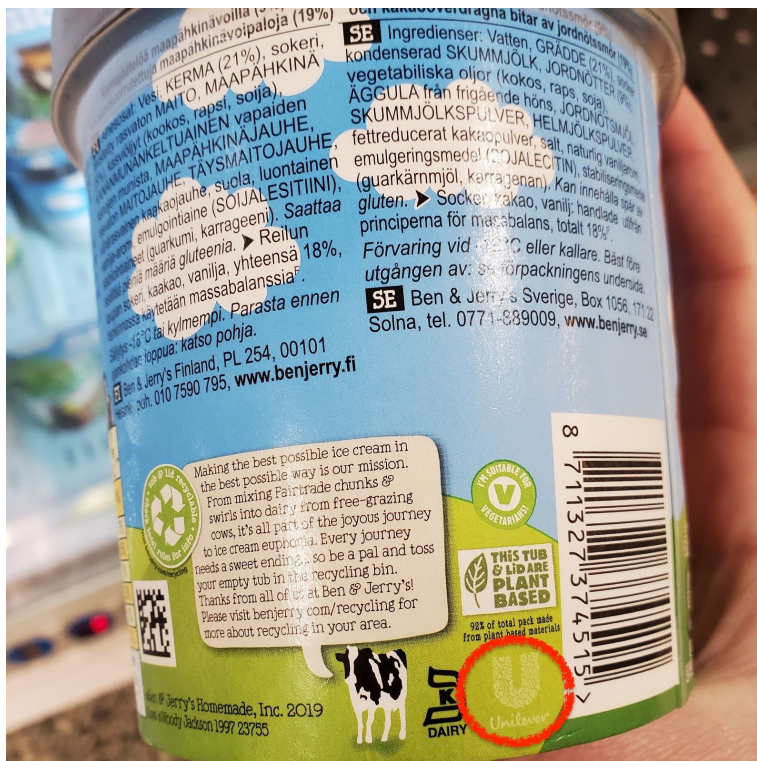


Exhibit 5 - Ben & Jerry's proudly acknowledges their founders' presence and subsequent arrest at a pro-Democracy protest

 Ben & Jerry's
@benandjerrys

Our co-founders got arrested today on the US Capitol steps.
Story > benjerrys.co/23UodYs #DemocracyAwakens



5:07 AM · Apr 19, 2016

♡ 724 💬 665 ↗ Share this Tweet

 Ben & Jerry's
@benandjerrys

Signs of the times: we found all the coolest signs from
@DemAwakening >> benjerrys.co/12demosigns
#DemocracyAwakens



4:13 AM · Apr 19, 2016

♡ 370 💬 266 ↗ Share this Tweet

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