

# Ice-Fili Case-study

## Ice-Fili at a glance

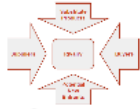
- Activities: Producing Ice Cream, Develop new ice cream flavors
- Channels: Distribution companies (Service-Fil, Aller-West), Suppliers of ice cream equipment from Denmark
- Resources: Imported raw materials (milk, milk powder, sugar butter, flavour additives)



- Customer (Belarus): Interest in traditional Russian all natural milk-based ice cream
- Customer Segments: Focused Customer group not specific
- Location: Less wealthy areas, Metropolitan areas
- Channels: Russia, Mini markets, Pizzeria, TV, Advertising

Traditional Russian Ice cream with natural high quality ingredients.

### Porter's 5 Forces



### Rivalry

- High production volumes
- Low variable costs
- Low fixed costs
- Low barriers to entry
- Low switching costs for customers

- Industry structure: High production volumes, low variable costs, low fixed costs, low barriers to entry, low switching costs for customers

### Substitute products

- Beer, soda, yogurt, chocolate & confectionery products
- Increasing demand for above
- Decreasing demand for ice cream
- Low switching costs for customers

- Industry structure: High production volumes, low variable costs, low fixed costs, low barriers to entry, low switching costs for customers

### Suppliers

- Most use local (3-4 suppliers) ingredients
- Seasonal price fluctuations
- Access for 20% of total price

- Industry structure: High production volumes, low variable costs, low fixed costs, low barriers to entry, low switching costs for customers

### Buyers

- Products not clearly differentiated
- Seasonal price fluctuations
- Access for 20% of total price

- Industry structure: High production volumes, low variable costs, low fixed costs, low barriers to entry, low switching costs for customers

### Industry Key Success Factors

- Manufacturing
- Raw Materials
- Equipment and technology
- Distribution
- Marketing
- Logistics

### PESTEL



### Potential New Entrants

- Industry is in its infancy life cycle stage
- Low fixed expenses & low knowledge entry barriers
- Easy access to distribution channels
- Company's sales volume
- Easy access to equipment and technology
- Easy to enter for competitors in other industries (e.g. frozen food)

### Final Suggestions and Recommendations

- Marketing: Invest in advertising, focus on stages of company's history, create specific marketing, social media, reduce overall number of brands, or improve their power & use in the industry
- Market development: Launching further in the markets segment, expansion on getting new contracts for the 100% for use, increase the number of brands in the market
- Forward integration: Expand production into raw material suppliers, invest in the other factors of production
- Operations & Assets: Improve production efficiency, use better or more technological lines of production for a higher level

### Product and industry

- 1980 - 400 000 tons of ice-cream produced
- 1982 - 24 factories
- 2002 - 1.2 kg ice-cream / capita / day / capita
- 2002 - 100 000 tons / day
- 2002 - 100 000 tons / day
- 2002 - 100 000 tons / day
- 2002 - 100 000 tons / day
- 2002 - 100 000 tons / day

### Competitors and competitive position



### TOWS Analysis

Strategic Issues	Internal Strengths	External Weaknesses
Strategic Issues	Internal Strengths	External Weaknesses
Strategic Issues	Internal Strengths	External Weaknesses

### Core Problem

The issue raised in this case study is how Ice-Fil, an ice-cream producer with over 65 years of experience on the Russian market, can maintain its leader position under the fierce competition coming from two directors: international and regional companies.

### SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Strengths	Weaknesses	Opportunities	Threats
Strengths	Weaknesses	Opportunities	Threats

### SWOT Analysis

Strengths	Weaknesses	Opportunities	Threats
Strengths	Weaknesses	Opportunities	Threats
Strengths	Weaknesses	Opportunities	Threats

# Ice-Fili Case-study

## Ice-Fili at a glance



- **Activities:** Producing Ice Cream, Develop new ice cream tastes
- **Partners:** Distribution companies (Service-Fil, Alter-West), Suppliers of ice cream equipment from Denmark.
- **Resources:** Imported raw materials (milk, milk powder, sugar, butter, favour additives)

- **Customer Relationships:** Interest in traditional Russian all natural milk-based ice cream.
- **Customer Segments:** Focused Customer group not specific.
- **Location:** Less wealthy areas, Metropolitan areas.
- **Channels:** Kiosks, Mini markets, Pizza Hut, TV Advertising

Traditional Russian ice cream with natural high quality ingredients.

### Porter's 5 Forces



### Rivalry

- Clear #1 in the largest domestic ice cream market
- 100+ competitors
- Regional: 200+ ice cream brands
- International: 100+ ice cream brands

### Substitute products

- Beer, soda, yogurts, chocolate & confectionery products
- Increasing demand for above
- Decreasing demand for ice-cream
- Low switching costs for consumers
- Beer & soda companies invest more in advertising: 90 mil \$ - Beer vs. 5 mil \$ - Ice-cream

### Ingredients

- Most are local (3-4 suppliers) ingredients
- Seasonal price fluctuation
- Account for 20% of retail price
- Equipment: Ice-Fil uses imported equipment
- Local equipment companies delivering fast
- Over 10 equipment companies in Russia, Ukraine & Baltic countries.

### Suppliers

### Buyers

- **Consumers:** Products not clearly differentiated in the minds
- Decreasing & inelastic demand (only high price-changes affect it)
- Easy switching to other products
- **Distributors:** As buyers, they have high bargaining power
- High influence on product availability to consumers

### PESTEL



### Industry Key Success Factors

- Manufacturing
- Raw Materials
- Equipment and technology
- Distribution
- Marketing
- Positioning

### Porter's 5 forces model

- Allocate more funds to marketing in order to differentiate the company's products from competitors and substitutes.
- Take advantage of company's history
- Reduce number & increase power of brands
- Forward integration of distribution companies to increase the availability of products

### Potential New Entrants

- Industry is in its Maturity life cycle stage
- Low brand preferences & low brand loyalty among customers
- Ice-Fil produces Lakomka (30% of company's sales volume)
- Easy access to distribution channels
- Easy access to equipment and technology
- Easy to enter for companies in other industries (e.g. frozen-food)

### Final Suggestions and Recommendations

- **Marketing:** Invest in advertising: take advantage of company's history; use quantitative marketing, social media; reduce overall number of brands and improve their power & value for customers
- **Market development:** Develop further in the HoReCa segment; concentrate on getting more contracts like the Pizza Hut one; increase the market share in the home-use ice-cream niche
- **Forward integration:** Expand business over the value chain; getting more involved in the distributions of products
- **Operations & Assets:** Improve production efficiency and direct or lease unnecessary lines of production for a higher ROA

### Product and Industry

- 1990 - 468 000 tons of ice-cream produced
- 1991 - 76 factories
- 2001 - 2.5 kg ice cream / capita VS 16 kg / capita in US
- Ice-Fil produce 200 tons / day
- 2002 Ice-Fil - 170 different ice cream products
- won "Product of the year" for "Emlash" brand

### Competitors and competitive position



### TOWS Analysis

	External Opportunities	External Threats
<b>SO Strategy (Maxi/Maxi)</b>	1. Increase production capacity 2. Expand into new markets 3. Diversify product lines	1. Intense competition 2. Seasonal price fluctuations 3. Changing consumer preferences
<b>ST Strategy (Maxi/Mini)</b>	1. Increase production capacity 2. Expand into new markets 3. Diversify product lines	1. Intense competition 2. Seasonal price fluctuations 3. Changing consumer preferences

### Core Problem

The issue raised in this case study is how Ice-Fil, an ice-cream producer with over 65 years of experience on the Russian market, can maintain its leader position under the fierce competition coming from two directions: international and regional companies.

### SWOT Analysis

Strengths	Weaknesses
1. Clear market leader position 2. Long history and experience 3. Strong brand loyalty	1. High production costs 2. Seasonal price fluctuations 3. Limited product range

### SWOT Analysis

Opportunities	Threats
1. Growing market demand 2. Expansion into new markets 3. Diversification of products	1. Intense competition 2. Changing consumer preferences 3. Seasonal price fluctuations

Team:  
Bitoleanu Roxana  
Ciulinariu Liviu  
Hirschhorn Remus  
Rădescu Mălina  
Uță Andrei

# *Ice-Fili at a glance*



АЙС-ФИЛИ

- *Activities:* Producing Ice Cream, Develop new Ice cream tastes
- *Partners:* Distribution companies (Service-Fili, Alter-West), Suppliers of Ice cream equipment from Denmark.
- *Resources:* Imported raw materials (milk, milk powder, sugar butter, flavour additives)
- *Customer Relationships:* Interest in traditional Russian all natural milk-based ice cream.
- *Customer Segments:* Focused Customer group not specific
- *Location:* Less wealthy areas, Metropolitan areas.
- *Channels:* Kiosks, Mini markets, Pizza Hut, TV Advertising

Traditional Russian Ice cream with natural high quality ingredients.

# ***Product and Industry***

**1990** - 468 000 tons of ice-cream produced

**1991** - 76 factories

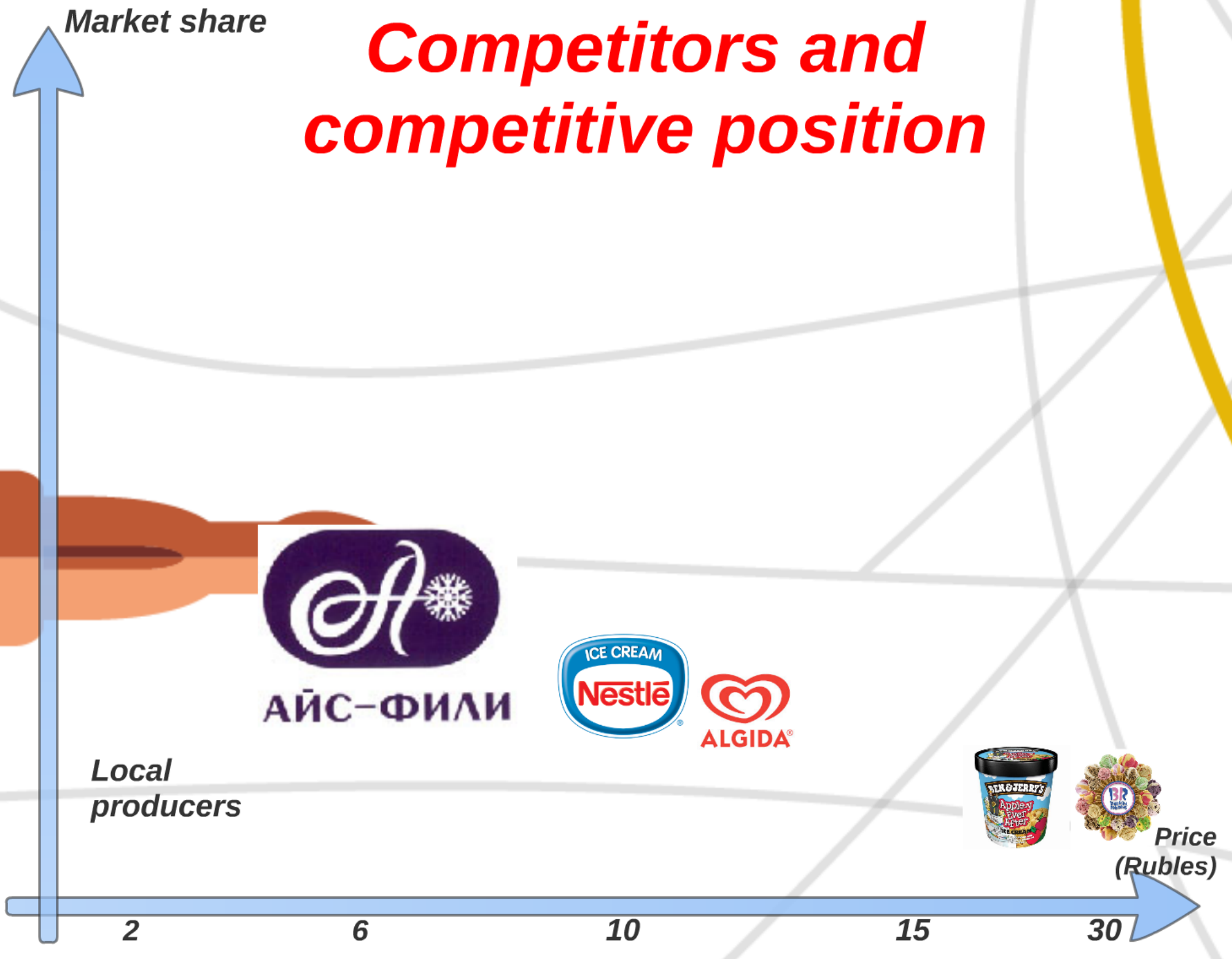
**2001**

- 2.5 kg ice cream / capita VS 16 kg / capita in US
- Ice-Fili produce 200 tons / day

**2002** Ice-Fili

- 170 different ice cream products
- won “Product of the year” for “Eralash” brand

# Competitors and competitive position



# *Core Problem*

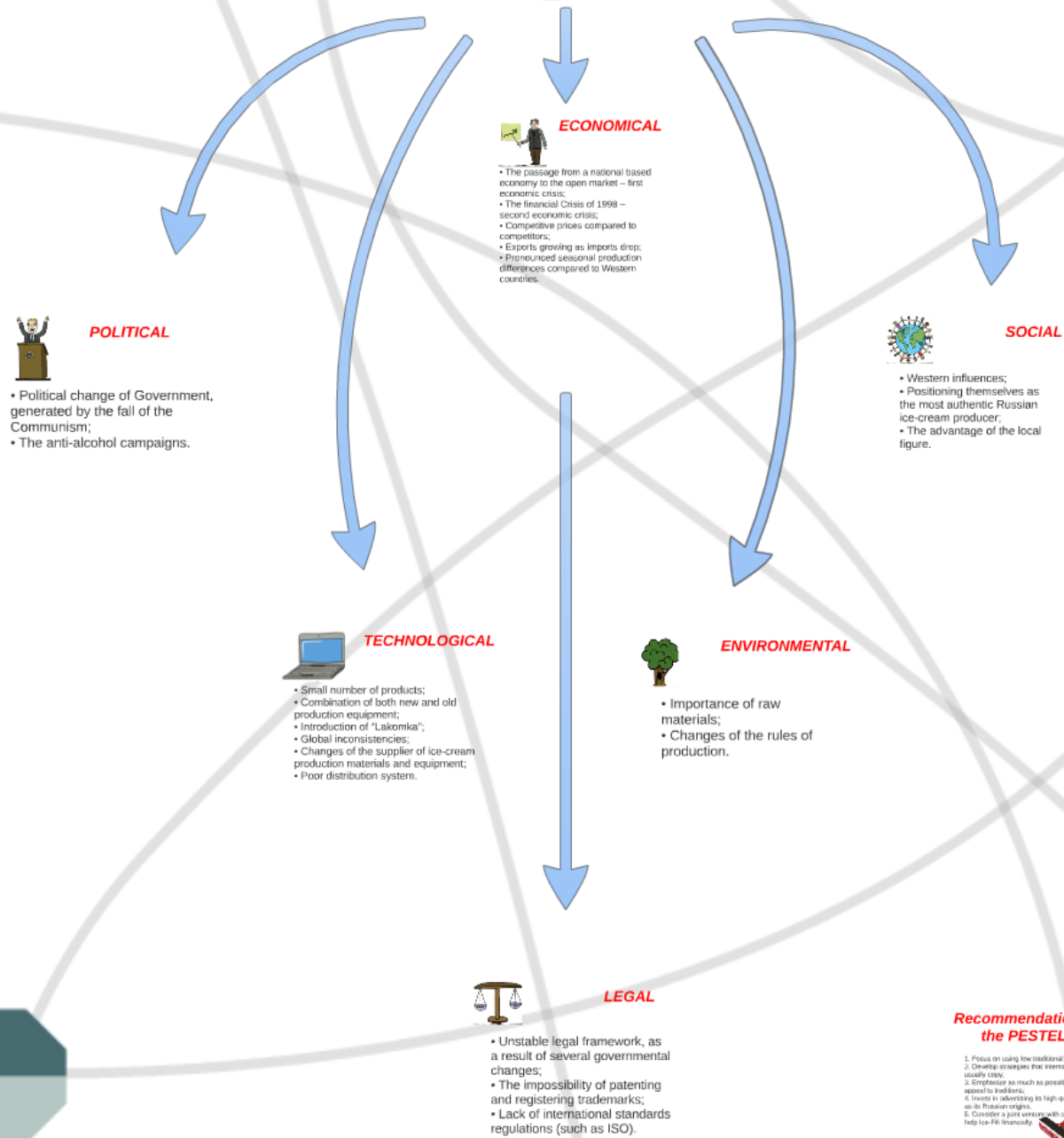
The issue raised in this case study is **how Ice-Fili**, an ice-cream producer with over 65 years of experience on the Russian market, **can maintain its leader position under the fierce competition** coming from two directions: **international** and **regional** companies.

# Industry Key Success Factors

- Manufacturing
  - Raw Materials
  - Equipment and technology
- Distribution
- Marketing
- Positioning



# PESTEL



## Recommendations following the PESTEL Analysis

1. Focus on using low traditional labor;
2. Develop strategies that international companies cannot easily copy;
3. Emphasize as much as possible local advantages, make appeal to traditions;
4. Invest in advertising to high quality and good taste, as well as in production quality;
5. Consider a joint venture with a foreign company that could help ice-cream technology.

SCOREBOARD