Cold Stone Creamery:

Marketing Analysis

Nicole Otruba

Marketing Management

Professor Marzofka

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“I scream, you scream, we all scream for ice cream!” What kind of ice cream do you scream for? Whether you scream for a classic strawberry ice cream with fresh strawberries and sprinkles or something outrageous like mint ice cream with bananas and brownies, Cold Stone Creamery is the place for you. They offer a multitude of flavors and toppings to mix and match and create the perfect dessert. Cold Stone is in the business of making people happy, and I believe they have done so very successfully throughout the past 23 years that they have been in business. The combination of Cold Stone’s strategies, tactics, evaluations, and philosophy of marketing is very successful and make for an interesting and delicious treat.

Cold Stone opened their first store in Arizona in 1988, with the desire to serve the world’s best ice cream (Cold Stone Creamery). It is no surprise that they are known for using the highest quality ingredients in their ice cream creations, smoothies, cakes, and shakes. They are in a class of their own with super-premium ice cream and sorbet made fresh every day and blended on a frozen granite stone with endless combinations of nuts, fruit, and candy. Cold Stone has reinvented what people expect from their ice cream experience. One of the reasons why they are so successful is due to their marketing strategies.

**Targeting Strategy**

The targeting strategy of a company involves determining which segments of the market to focus on and pursue (Iacobucci 30; class, 1-5-2012). Surprisingly, Cold Stone does not target kids; 70% of their sales are from adults (MacArthur, “Cold Stone Creamery”). Cold Stone targets young adults, between the ages of 16 and 26, specifically couples. It is the perfect place to take your date to share the freshest, finest ice cream together. Although the market may not have the highest income level, going to Cold Stone with a loved one is an occasion to spoil each other and indulge. This allows the potential for profitability to be higher than expected from that
market segment. This target market fits really well with Cold Stone’s image of being very modern and innovative with new, interesting flavors. For example, many of their signature creations, including “Birthday Cake Remix,” “Mud Pie Mojo,” and “That’s How I Roll,” are very current and clever, relating to popular celebrities and movies targeted at the same age segment.

S.W.O.T. Analysis

One of Cold Stone’s biggest strengths is obviously their high quality ice cream. They must be doing something right if people keep coming back for more. Their customer perceptions are also really strong; people in general view Cold Stone as a high end, almost luxury ice cream establishment with great reviews and service. Senior public relations manager for Cold Stone, Kevin Donnellan, explains, “We are a very indulgent brand: we are super premium ice cream” (De Mesa). They are also extremely innovative and are always coming up with new flavors and dessert ideas.

Price is probably their biggest weakness; however, you definitely get what you pay for in life and, coming from a broke college student in their target market, Cold Stone’s ice cream is worth it. Another weakness is that their delicious desserts are low in nutritional value. Although they do offer “Healthy Indulgences,” the temptation to get an “OREO Overload” or a “Peanut Butter Cup Perfection” is hard to overcome. These indulgences are 1,270 and 1,230 calories, respectively for Cold Stone’s medium “Love It” size (“Cold Stone Creamery Calorie Counter”).

In addition to their internal strengths and weaknesses, Cold Stone has various external opportunities and threats as well. Their biggest opportunity is to be recognized as serving the best ice cream in the world. “Our vision is that the world know us as the ultimate ice cream experience,” said Doug Ducey, Cold Stone’s Chairman-CEO (MacArthur, “Cold Stone on Hot
Streak”). They have won many awards in the past (Cold Stone Creamery) and are continuing to strive to be the best in the ice cream business. This is a great opportunity for them because it will not only generate public awareness for them, but it will also strengthen their image of serving the highest quality ice cream.

Cold Stone’s biggest threat is the large number of competitors in the market. Although they specifically target to a different market, they could still lose sales based on their positioning. For example, other chains like Dairy Queen typically target families or people with a lower income, but their ice cream is not the same quality and worth. While these chains are on the lower end of the spectrum with low prices, low quality, wide distribution, and heavy promotions, Cold Stone has a different, much higher-class positioning strategy that allows them to stand out from the rest.

*Positioning Strategy*

Positioning is creating a specific image of a product in the minds of customers. Companies want to be known for something so when customers think of their brand a specific image or experience comes to mind (Iacobucci 39; class, 1-6-2012). Cold Stone’s positioning strategy is all about using the finest ingredients to make the best ice cream made just for you (Cold Stone Creamery). Their high quality ingredients and superior service, which is the main aspect of their quality positioning method, allow them to charge a higher price for their ice cream. Unlike most of their direct competitors, they have little promotion and distribution. Cold Stone’s positioning strategy is very consistent with high-end companies selling exclusive products, such as BMW and J.P. Morgan, which are the leading companies in the vehicle and insurance industry, respectively (Iacobucci 48).
New Product Development

In regards to new product development, which is introducing new products to current customers (Iacobucci 79; class, 1-5-2012), Cold Stone is always looking to expand and improve their product line. They are passionate about innovation and search the globe for premium ingredients and innovative new flavors (Cold Stone Creamery). Introducing these new products and flavors from around the world gives customers even more reason to love Cold Stone.

Tactics

Through all of their innovation over the years and the implementation of all of the finest ice cream flavors, nuts, fruit, and candy, you can currently customize your Cold Stone ice cream creation in over 11.5 million ways (Cold Stone Creamery). That is a wide variety of available products! “The idea of thirty-one flavors of ice cream is ridiculous,” (Godin 46) let alone millions! You can get their different ice cream concoctions in three different sizes: “Like It,” “Love It,” and “Gotta Have It.” They also sell sundaes, cupcakes, and ice cream cookie sandwiches in addition to their smoothies, cakes, shakes and of course, ice cream.

With more than 1,400 stores currently in business today, Cold Stone is more profitable than ever (Cold Stone Creamery). Their iconic granite slate that they use to blend their made-to-order creations and red-accented, modern decor in each of their stores are recognizable symbols for their image. Although their stores are typically small with a limited amount of seating, Cold Stone’s atmosphere is warm and inviting and the staff is always happy, cheerful, and ready to make your delicious treat. “Based on the branding practices and lessons of Starbucks and other similar commodity-turned-premium brands, the company is making ice cream about an indulgent, in-store experience” (De Mesa).
Although their prices are high and above that of their competitor’s (they charge $3.65 for their 5 oz. Like It, $3.95 for their 8 oz. Love It, and $4.45 for their 12 oz. Gotta Have It while Dairy Queen offers a 12 oz. Blizzard for $3.09), they also offer various special offers and coupons throughout the year. There is always something special going on at your local Cold Stone; you can check out the specific special promotions on their website for the store closest to you.

At the Cold Stone on Wacker Drive in Dubuque, Iowa, they offer different discounts for each day of the week. Monday night after 5pm is “Family Night” and there is a “buy one get one free” special. Tuesday night is “College Night” from 6pm to close and is also “buy one get one free.” All day Wednesday is “Wild Wednesday,” and you can get a Like It size for $2.09. On “Thirsty Thursdays” they offer $1.00 off any shake or smoothie all day. Finally, Friday is “Cake Mania,” and all day long you can get 25% off all cakes.

Also, when you sign up for My Cold Stone Club online, they reward you with special offers and coupons all year long and two creations for the price of one just for joining (Cold Stone Creamery). Cold Stone’s chief brand officer, Joe Kendra, said that, “Cold Stone doesn’t do much in the way of traditional advertising. 80% of customers came from a recommendation and the rest came from radio. None of the visits were promotionally driven so Cold Stone doesn’t use promotional calendars but relies on word of mouth” (MacArthur, “Cold Stone on Hot Streak”). Although word of mouth is a very reliable source and people are more likely to base their opinions off of it, it is very risky because Cold Stone cannot generate positive word of mouth on their own, they have to let their ice cream stand up for itself.

Although they do not advertise through television commercials or other traditional advertising, Cold Stone does promote through their Facebook page, Twitter account, and
YouTube channel. In addition to everything else, Cold Stone allows you to sample each of their ice creams to ensure that you pick the best flavor for you and receive the most enjoyment from the experience. “Our greatest tool is our ice cream,” Joe Kendra boasts (MacArthur, “Cold Stone on Hot Streak”). Cold Stone is confident that once their customers try their ice cream that they will keep coming back for more.

*Link Between Strategies and Tactics*

Most companies’ tactics are based on their targeting and positioning strategies. There is a direct link between these two ideas, and Cold Stone has done a good job keeping their ideas and plans consistent. For example, their features, advantages, and benefits revolve around their perception of using the highest quality ingredients in their premium ice cream. They position on the basis of this feature, which is also an advantage and a benefit. Customers know that they are receiving the best ice cream product compared to other stores and are happy with their ice cream experience.

Also, in addition to their product matching their strategies, their place matches their targeting strategy. In all of the Cold Stone stores that I have been in, the limited amount of seating that they had available were small tables with two chairs – seating for couples on a date. Also matching their targeting strategy is their promotional tactics that focus on giving college student discounts such as Tuesday night College Night where students with a college I.D. can benefit from Cold Stone’s buy one and get one free special. Their price is also an indication of their positioning strategy because they are keeping their image consistent as a high end, high quality product with a high price.
Evaluation

Overall, Cold Stone is doing a great job, especially keeping their strategies and tactics connected and keeping everything related and consistent. I think it will continue to thrive and be successful in the future as they continue to innovate new products and flavors as well as steadily maintaining their high quality image. I do not think they will fail because they have already developed a great perception from their customers and “perception is reality” (class, 1-6-2012; class, 1-17-2012). If everyone thinks that their ice cream is good, then it must really be good.

Speaking of everyone, literally all of the twenty or so people that I have talked to who have been to one of Cold Stone’s stores have said that they enjoyed their experience and would definitely go again. The only complaint was that it was a little pricey, but in general most people said that it was well worth it for the quality of ice cream they were receiving. Some of my friends only take a trip to Cold Stone as a special occasion when they have something to celebrate while others go once a week because they cannot get enough. Some go to try new flavors and experiment with Cold Stone’s endless combinations and others are loyal to their favorite concoction (pink lemonade sorbet mixed with raspberries happens to be mine!). One of my friends commented on the staff and how they always welcome you as you walk in. She said they make you feel welcome and at home. Even all of the reviews online that I looked at were positive besides a few concerns about their price; however, I could not find a negative review about their ice cream itself. What is there not to love about Cold Stone?

Philosophy of Marketing

A company’s brand is more than just its logo; it is the sum total of all of their customer’s experiences with that brand, whether they are positive or negative (class, 1-13-2012). For example, you might think positively about Cold Stone because you associate the store with
Tuesday night date nights and sharing ice cream with your significant other. Your experiences affect your expectations and ultimately change your perception of a company or brand.

Marketers try to satisfy customers and their perceptions by creating, communicating, and delivering value to customers (class, 1-4-2012). In addition to their customer’s perceptions, marketers are also interested in customer satisfaction, intention to repurchase, and likelihood of word of mouth (class, 1-16-2012). “Customer evaluations are important because marketers know that satisfied customers ultimately contribute to the bottom line” (Iacobucci 173). Based on my primary research, I would say that a large majority of Cold Stone’s customers are satisfied and intend to repurchase at some point in the future. People also generally spread the word about Cold Stone, which helps to promote them, because the ice cream is so good and they want to share the experience with their friends.

Cold Stone has focused on their customers so much that their consumer satisfaction is incredible. They pay close attention to their customers’ wants and needs and concentrate on providing them with the highest quality ice cream available made with the finest ingredients. Joe Kendra said, “It’s clearly understanding who your customer is and trying to provide them something unique or different from our competitors” (MacArthur, “Cold Stone Creamery”). Their positioning strategy also has developed a consistently high expectation among customers; however, Cold Stone follows through and their customers leave satisfied. “Marketers hope to convert new customers into satisfied customers, into customers who purchase frequently (or in large quantity or at premium prices) and finally into loyal customers” (Iacobucci 173).

“Truly loyal customers love the brand, are zealous in telling others about the brand, and are willing to pay more for the brand and all it means to them” (Iacobucci 173). Although customers in general are happy with their experience and it meets their expectations, I do not
think many people are insistent on choosing Cold Stone. Their customers are loyal and will most likely purchase frequently, but if offered ice cream from one of their competitors they most likely would not refuse. They may not like it as much or might think it is not as high of quality, but it is not the same as choosing between two lifestyle products, such as Coke and Pepsi. Some people grow up drinking Coke and swear by it saying it is the best, absolutely refusing to drink Pepsi at any cost; however, I do not believe Cold Stone consumers would be that adamant about their product. Cold Stone competes on an almost completely different level compared to their competitors.

Cold Stone is in a league of their own with their premium ice cream. No other company even comes close. Their targeting and positioning strategies are so well connected with their tactics that they seem like they were made for each other. They also focus on the customer and their expectations and experiences which is a significant aspect of marketing. Finally, and most importantly, Cold Stone’s customers are satisfied with their product and keep coming back for more. “I scream, you scream…” We all scream for Cold Stone Creamery ice cream.
Works Cited


