

TB Frozen Yoghurt

Omar Abdul was grinning as he left the offices of Top Brand Foods in Madison, Wisconsin. He had just negotiated an agreement to be the master franchisee in the United Arab Emirates of TB Frozen Yoghurt, a popular self-serve yoghurt franchise in the United States. Top Brand Foods was the creator and franchisor of TB Frozen Yoghurt, a chain of self-serve frozen yoghurt dessert stores. (See the glossary for definitions of franchising terms).

Frozen yoghurt was already available in the United Arab Emirates (UAE), but Omar had some plans to differentiate TB Frozen Yoghurt by positioning it as a healthy product instead of just as a dessert. With his master franchise agreement to be finalized in the coming weeks, Omar's thoughts turned to considerations of marketing strategy, logistics, and operations of TB Frozen Yoghurt in the United Arab Emirates.

Omar Abdul: Entrepreneur

Omar is an Emirati. Born and raised in the city of Dubai, an emirate in the United Arab Emirates, he had an exciting time growing up during the last 22 years as the country grew to be a world-class metropolis.

When he was a teenager, Omar started a business with one of his older brothers, a high class shuttle service for wealthy visiting tourists. His older brother would drive the vehicle and Omar would meet the tourists in the airport and escort them to their luxury vehicle. Then, they would drive their clients to one of the many five-star hotels in Dubai. Sometimes, they would also take the tourists on a tour of Dubai. Again, Omar would do the talking while his brother drove. Omar and his brother saw their business as more than just a simple shuttle service. The tourists got to meet real Emiratis, which was rare because most service work of this nature was done by expatriates in the United Arab Emirates. In return, Omar and his brother got to meet some amazing people from all over the world – people they could add to their business network for later benefit.

It was with one of those former tourist clients that Omar had just negotiated the TB Frozen Yoghurt agreement in Wisconsin. Four years ago, Omar had taken the owner of Top Brand Foods on a tour around Dubai. Now, in his final year studying business in the United States, Omar had contacted the owner of Top Brand foods and had flown to Wisconsin to meet with



him. After a day of discussions, they shook hands in agreement, with Omar as the new master franchisee for the TB Frozen Yoghurt brand in the United Arab Emirates.

The self-serve frozen yoghurt business

Frozen yoghurt (also spelled yogurt) is a popular dessert. Like ice cream, yoghurt is dairy-based, but often seen as healthier than ice cream due to its low-fat content and the common addition of fruit. Being perceived as healthier makes it easier for people to buy yoghurt products as they don't feel guilty about eating it.

Self-serve frozen yoghurt shops sell not only a variety of flavoured frozen yoghurts, but also the ability to mix different kinds in a dish and add a range of other ingredients, such as fruit, candies and syrups. This makes a visit to a shop like TB Frozen Yoghurt a treat because the experience will be different every time. Customers feel empowered and in-control of what their dessert will taste like. For American customers, living in a culture that strongly supports independence, self-serve is a natural and enjoyable way to purchase frozen yoghurt.

Frozen yoghurt shops are also a social occasion. Getting together with family or friends at a self-serve frozen yoghurt shop makes everyone happy because everyone can have their own independent preferences met.

Possible Challenges for TB Frozen Yoghurt in the United Arab Emirates

Omar was well aware of the differences between life in the United States and life in the UAE. Although he considers himself a flexible person, Omar needed a full year to get used to living in the United States when he first started studying business there. He also knew that a business that runs well in the United States might not run as well in another country. With this awareness in mind, he began thinking and researching cultural differences as they might apply to marketing, logistics and operations in the UAE.

1. Health consciousness

Everyone wants to be healthy, but some cultures and traditions are more supportive and encouraging of healthy eating and healthy lifestyles than others. Omar wondered: Were there enough health-conscious customers in the UAE (population of approximately 9.5 million) to make this group a big enough target market? Or should he try to attract all kinds of customers: Families, dessert lovers, health conscious people, or people who simply like to try new international brands like TB Frozen Yoghurt?

Which is a better strategy: One that focuses on one single type of customer (health conscious customers, for example) or a strategy that attracts all kinds of customers?

2. Portion sizes

The photo on the right page illustrates the second marketing challenge. If frozen yoghurt is to be positioned as a healthy product for healthy people, customers might limit portion sizes, for their health. Cups not full means less revenue for the business.

Was this a problem, Omar wondered? Or would the lower revenue per customer be made up by having more customers? An increased volume of business because he was focusing on attracting health conscious customers rather than just dessert customers?

3. Self-serve

The culture in the UAE does not value “independence” as highly as the culture of the United States does. Families and friends are extremely important. Being served by others is far more the norm for both Emiratis and many of the expatriates living in the UAE. Would it make sense for TB Frozen Yoghurt to have two options? Self-serve and full service, as well? Or would having both options just add more cost and confuse the brand image of “freedom to create your own treat”?

4. Pricing

A big hidden challenge of the self-serve frozen yoghurt business model is the final price. A customer serves themselves and their dish is weighed. The weight is multiplied by a price per 100g to calculate the total cost per dish. The customer does not want a big unhappy price surprise at the end of their time creating a nice dessert for themselves. If they fill a dish full of their favourite frozen yoghurts and toppings the price could be surprisingly high, deflating the happy feelings that coming to the yoghurt shop is supposed to deliver.

In the United States, customers are familiar with this way of paying. Food does not cost as much there, and a treat is a treat – the price is worth paying it. But in the UAE, this pricing



model is relatively new, food is relatively expensive, and many expatriate customers could be quite price conscious.

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Questions

1. Address Omar's 6 possible challenges. What should he do?

Be sure to fully explain your reasons for your decisions.

2. What characteristics might make Omar a good entrepreneur?

Do you have these characteristics? If not, could you develop them? And would you want to?

Glossary

- franchise: The legal right to carry out a form of business. Commonly: A branch of an already established restaurant or store, for example.
- franchisor: The person or business who sells the franchise.
- franchisee: The person or business who buys the franchise.
- master franchisee: The person or business who has legal control of the franchises in a specified geographic area.
- master franchise agreement: The legal document between the franchisor company and the master franchisee.

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