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Freeze for All

These alumni see the business sense—and the smiles—behind the growing ice-cream and frozen-treats sector.

HECTARES OF CANE FIELDS, dairy cows for days, new flavors concocted in test kitchens—that’s the business side of ice cream and frozen treats that unfolds long before you’re ordering your favorite flavor at a counter in the summer sun.

But ask Wharton alums in this sector about the recipe for success, and they’ll conjure a childhood memory of going for a scoop with family. Even with modern-day conveniences like online ordering and shipping direct to doorsteps, customers still crave a human connection to their frosty desserts.

Proof of the enduring demand for cold confections is in the numbers. Ice cream is a \$10 billion-plus business in the U.S., and researchers project the market will be valued at \$78.8 billion or more worldwide by 2025. A surprising 2018 study also found that U.K. ice-cream parlors have been shielded from the world’s shift to online shopping and the subsequent hit to brick-and-mortar retail.

Steve Berg WG96 understands why. Berg, who has the Ohio-based Jeni’s Splendid Ice Creams in his investment portfolio at private equity firm Castanea Partners, says going out for ice cream is still a memorable experience. “Founder Jeni Britton Bauer will talk a lot about emotion,” he says. “She views ice cream as a way to bring people together.” Whatever your chilly dessert of choice—ice cream, Italian ice, custard, frozen yogurt—sharing the treat with friends and family crosses generational divides. Stop into your local shop, and you’ll find grandparents with grandchildren. Baseball teams celebrating. Dieters taking a “cheat day.”

Dave Bassett W61 still sees people waiting in long lines at Bassett’s Ice Cream, the shop his great-grand-

father opened 127 years ago at Philadelphia’s Reading Terminal Market. Bassett worked there throughout high school and while attending Wharton, and his son, Roger, manages the place today. “I live in Maine,” Dave says, “but when I visit Philadelphia, I stand at the counter and talk to people. It’s fun.”

Kirk Griswold WG88 has a personal connection to other frozen desserts: custard and Italian ice. Long before Griswold became board chair of Rita’s Italian Ice in 2016, he was taking his kids to Rita’s after soccer and basketball games. “Rita’s guests are more likely to make their visit a social occasion rather than just buy a treat,” says Griswold, who is also founding partner of Argosy Capital, which owns a controlling stake in Rita’s. “That experience insulates us a great deal from the impact of online shopping.”

California native Eugene Kim W00 COO was a Rita’s customer while a student. After graduating, he went to work in finance, but he didn’t forget those flavors—he eventually quit his job and made it his mission to get Southern Californians to embrace Italian ice, which hadn’t been well-known in the region. Kim opened his first Frostbites shop in Riverside in 2002 and now has five locations in the state. He credits his success to carefully educating customers, but the experience of an old-fashioned parlor plays a part, too. “We tell our employees from day one that every single customer is coming in for a very specific reason, and that’s to be happy,” Kim says. “Nobody has to eat ice cream. It’s something that you’re doing to treat yourself.”

Gallons of Growth

Despite a seeming immunity to online retail and a steady expansion of shops—Rita’s aims to open 50 locations in 2019; Jeni’s plans to add a dozen stores this year; Kim has two more Frostbites in the works for Southern California—frozen-treats entrepreneurs are working to serve customers used to having everything delivered. Bassett’s offers catering and works with a partner to ship pints by next-day air. Rita’s is upgrading its mobile app and website to take online and mobile orders for its party catering. Jeni’s arrives on doorsteps in a bright orange box.

Griswold acknowledges that convenience is a consumer driver and believes online ordering will be a factor in Rita’s growth. He maintains, however, that a trip to Rita’s isn’t something fans of the iconic brand are likely to toss out with yesterday’s flip phone. “I believe that’s due in part to our heritage and in part to the fun in creating personalized, flavor-based treats at the counter,” Griswold says. Berg, too, sees ice-cream e-retail less as a disruptor and more as an opportunity across the business, noting that customers often learn about Jeni’s shipping options during visits to one of its 33 storefronts across the U.S.

“We tell our employees from day one that every customer is coming in for a specific reason,” says Eugene Kim, “and that’s to be happy.”



While Frostbites also caters parties, Kim says he has hesitated to partner with delivery apps, mainly because his customer base is still learning about Italian ice. “We’re resistant because we know that if a customer just picks any random thing on our menu without us being able to guide them and help them try different things, they might not get what they enjoy most,” Kim says. “While that might net us something in that one transaction, if it’s not memorable, that person might not ever order from us again.”

Favorite Flavors

Ask most people for their must-have flavor of ice cream or Italian ice and they’ll likely give the same answer they did when they were five years old. That doesn’t stop test kitchens from humming.

Phyllis Savar Levy CW74 G74 WG76, who was an independent consultant for Rita’s before a stint as the company’s CMO and SVP for product development until 2018, says she worked with “real innovators” at Rita’s, but they were also careful about experimentation. “You don’t make changes lightly

in an iconic brand,” she says. “Coke learned that lesson years ago.”

Yet like any retail sector, frozen treats has its trends, says Mitchell Williams WG90, president and owner of Atlanta-based Greenwood Ice Cream, a manufacturer and wholesaler. He mentions marble slabs, Thai rolls, and “frozen yogurt booming and busting twice.” Ice cream, he notes, is generally consistent, though his own tastes sometimes conflict with the bottom line. “The saddest is when you have to discontinue a flavor that you really personally love,” he says. “What do you mean, no one’s buying that?”

Kim hears that same dismay from his customers when he removes an option from the Frostbites case. Their emotional response highlights the personal connection that keeps business booming in the frozen-desserts industry. “People get upset when their flavor isn’t there,” Kim says. “And they catch themselves—they didn’t think they would be that upset.”

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