

Danone case study

Business



Corporate Strategy Project DANONE Danone is a Paris-based multinational company engaging in the production of food and drinks.

With revenues of more than 17bn Euro and over 100 000 employees in around 80 countries worldwide, it considers itself to be the world leader in fresh dairy products and bottled water. The corporate history shows the enormous adaptation capacity of the company over time. Founded in 1919 in Barcelona and starting operations in France few years later, Danone moved to the United States during the Second World War to relocate to France only in 1958. In 1967, Danone merged with Gervais, a French producer of fresh cheese. Another branch of its origin dates back to BSN (created in 1966), a French glass-making company that specialized in packaging and flat glass.

In the early 1970s, when the glass business was expected to decline, BSN decided to look for growth opportunities in other sectors and to expand their business vertically from containers to content. Consequently, BSN took control of Evian, Kronenbourg and Societe Europeenne de Brasserie and thereby complemented its business with, for example, the match between mineral waters and bottles. In 1973, BSN and Gervais Danone merged to become one of Europe's leading food groups. In 1979, the decision to pull out of flat glass and focus on food led to the disposal of Verreries Boussois. The 1980s were dominated by the takeovers of several biscuit manufacturing companies, including the owner of the LU brand. Around the year 2000, Danone decided to pursue a “ healthy food” focused strategy, and consequently disposed off almost all remaining glass, beer, sauces and biscuit divisions in the following years.

Today, the company is present in four different segments: fresh dairy products, waters, baby nutrition, and medical nutrition. Danone has continually invested in these core business areas, not only by disposing other divisions, but by driving a strategy of geographical expansion mainly through joint ventures and acquisitions. In 1981, Danone became active on the US market as Dannon. Since the breakdown of the Soviet Union, Danone has been active in the development of the Eastern European market and Russia. During the 1990s, acquisitions and joint ventures in Asia-Pacific, Africa and Latin America manifested Danone's global footprint and its commitment to the emerging markets.

Danone is a company capable of innovation in order to set its products apart from competition and successful at building up strong brand names.

Exemplary are the brands Activia (1987), a yogurt helping to regulate the transit, Actimel (1997) which according to Danone strengthens the body's natural defense mechanisms, Danacol (2004), a low-cholesterol fresh dairy product, as well as Essensis (2006), a yogurt claimed to provide skin benefits.