

# The danone group: marketing plan assignment

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1. 1 Company & SBU Analysis The Danone Group is a Fortune 500 company, with its headquarters located in France, is one of the most successful healthy food companies in the world. Its mission is to “ bring health through food to as many people as possible” (Group Danone). Fulfilling this mission is a major contributor to Danone’s continuous rapid growth. Danone is an internationally recognized company with 160 plants, around 80, 000 employees, and has a presence in all five continents located in over 120 countries.

In 2008, Danone recorded ??? 15. 2 billion worldwide in sales. Danone enjoys leading positions on healthy food in four businesses: fresh dairy products (number 1 worldwide), water (number 2 on the packaged water market), baby nutrition (number 2 worldwide) and medical nutrition (Group Danone). The group’s leading fresh dairy brands include Danone, Actimel, Activia Danacol, Danonino and Vitalinea. It is the world’s top manufacturer of such products in terms of volume, achieving sales of 3. 2 million tonnes in 2008.

This division accounts for approximately 60 per cent of the firm’s sales. Its worldwide market share is approximately 28 per cent and its dairy products are available in around 40 countries (Group Danone). Danone Canada Although Danone is a huge international success, their presence in the Canadian market is not nearly the monopoly it is on a global scale. Danone Canada focuses the majority of their attention to the dairy market, where they produce, distribute, and market their many different yogurt products.

Today, with brands such as Danino, DanActive, Activia, Silhouette, Danone Creamy and Danissimo, Danone is the top yogurt producer across Canada

possessing a majority 52% market share (Danone Canada). They have doubled production in four years to some 340 million tubs annually, which is over 75, 000 tons of yogurt. With 52% market share, the growth rate is steady and revenues are at over \$250 million a year. Danone Canada's mission is to “ encourage Canadians to eat fresh dairy products by offering them the select brands they enjoy” (Danone Canada). The goal is to maintain profitable growth for our associates, partners, and shareholders and to help make the world a better place. But our ambition doesn't stop there; we want to become the undisputed industry leader by offering strong brands that meet the highest quality standards” (Danone Canada). Danone Canada produces thirteen different types of yogurt within their five brands, and with each type of yogurt, there is anywhere from five to fourteen different flavours to choose from (See Chart in Section 1. 2 for brand listing).

Their leading “ Activia” brand is the company's claim to fame as they offer numerous health benefits as a result of consuming this product. Activia differentiates itself from the competition due to the pro-biotic nature of the product; Activia yogurt has all the great flavours and rich, creamy texture of its other yogurts, however it contains BL Regularis strain (*Bifidobacterium lactis*); which is a friendly bacteria that remains active in the digestive system (Danone Canada). Each serving contains over a billion of these live BL Regularis bacteria, which makes Activia so exceptional and attractive to consumers. . 2 Current Company Product Analysis – Activia Danone Canada sells many brands of yogurt, each with unique consumer target and position. Each brand of yogurt is infused with different types of probiotics and vitamins depending on the target market. Different brands of yogurt offered

by Danone Canada along with their health benefits are as follows: Brand of Danone Yogurt| Benefit(s)| Activia (regular, and fat-free)| Contains the probiotic: BL Regularis Strain; good for digestive system| DanActive| Contains unique bacteria: L. aseii Defensis; helps strengthen the body's natural defenses | Danino| Made especially for kids; contains twice as much calcium as most other yogurts and is a good source of vitamin D. It's been fortified with omega-3 fatty acid that contributes to the normal development of the brain, eyes and nerves| Creamy| Good source of calcium, vitamin B2 and phosphorus. It's also an excellent source of vitamin B12 and a source of magnesium| Silhouette| Fat-free, contains no aspartame or added sugar, and has more vitamins, calcium and proteins per calorie than any other regular yogurt. |

Current Brand: Activia Danone has 52% market share in the yogurt industry. Thus, they are entitled to the most of the shelf space in all major grocery and superstores. Danone has also been setting up in-store promotional booths where they advertise/promote their most successful brand of Activia (Shown in Appendix A, Fig 1. 1). Along with the in-store promotions, Danone has gone on to focus a lot of their marketing and advertising efforts towards their website and other online promotions such as the Activia fourteen day challenge; which is discussed in more detail at the end of page 3-4.

The Activia brand, which contains the BL Regularis, is claimed by Danone to be the first and only probiotic yogurt that is clinically proven to help naturally regulate the digestive system in two weeks, when eaten daily as part of a healthy and balanced diet. Each 4-oz serving contains billions of beneficial nutrients, including the exclusive Bifidus regularis. Clinical studies have

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shown Activia to help reduce intestinal transit time by up to 40%, depending on levels consumed and the demographic profile (Dairy Foods). Activia's Impact

When Danone first launched their Activia brand in 2006, they spent \$30 million on television?? advertising?? informing their target market of females that the product contains therapeutic value for stomach and intestinal ailments. Women were told?? Activia?? really works to help regulate the digestive system, and during the product's first eight weeks, there were more than 70, 000 downloads of the study on its website explaining how. Activia?? sales soared 213. 1% in dollar sales in its first year, and the brand contributed to 60% of the growth in the yogurt category this year, according to Dairy Management Inc (Fitzgerald).

Danone is also speeding up digital activity for Activia brand, with the website has undergone major overhauls last year as online promotions are becoming more integral to their marketing campaign (See Appendix A, Fig 1. 2). The website focuses on explaining the health benefits of yogurts. Two-thirds of all Canadians have concerns about their digestive regularity. Activia is the only probiotic yogurt in Canada with scientifically proven benefits (Danone Corporate). In Canada, vitality became the basis of communication for Activia brand.

Television, Internet and In Store display are used to communicate with the consumers (See Appendix A). Recognizing that consumers would have questions about the product, Danone created the Activia. ca website and magazine ads. The Activia's full beneficial effect can be felt when it is

consumed over a period of approximately 14 days. In order to get people into the habit of eating Activia on a daily basis and for at least 14 days, Danone conducted Activia 14-Day Challenge. Danone invited consumers to eat Activia every day for 14 days and, if they were not satisfied, Danone would refund their money.

This was the most successful campaign by Danone which was originally conducted in June 2004 (Cassies Online Entry System). In June 2007, Activia set a new record, achieving a market share of 14.9%, which placed it above Silhouette by Danone (2.8 points) and Source by Yoplait (3.7 points) (Cassies Online Entry System). It's important to note that both the image campaigns and the 14-Day Challenges have contributed to Activia's success. Each time the image campaign has been broadcasted, the brand has increased its market share by 0.4 to 1.9 points.

The Activia 14-Day Challenges are the primary factors behind Activia's incredible sales growth in dollars since 2006. With each new challenge, the brand grows at a rate of at least 2.2 points (See Appendix A, Fig 1.3). All communications from Danone in the beginning have tapped into "Activia green," a unique brand colour in the yogurt market. Danone also developed a key visual to illustrate the benefits of the product; a yellow arrow pointing downward on a woman's abdomen (See Appendix B, Fig 2.1). This has been used throughout all visuals, reminding consumers the health and nutritional benefits that Activia possesses.

. 1 Market Category Yogurt falls under the dairy industry, which includes milk, cheese, chilled desserts, cream, fromage frais, and spreadable fat. 74.2% of all dairy sales are made in supermarkets/hypermarkets. Milk and cheese sales account for a combined 71.5% of the

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overall industry revenue. Yogurt is next in line with 13. 1%, followed by spreadable fats with 11. 8% share, and cream and chilled desserts making up the remaining 3. 5% (Dairy Industry Profile). With milk sales being the driving force in the dairy market, accounting for \$2. 9 billion in revenue (36. % of the overall market value), the industry grew by 3% to reach a value of \$7. 8 billion, and is expected to reach \$9. 3 billion by 2013, or a 19. 1% increase since 2008 (Canadian Dairy Commision). Market Growth In 2009, yogurt posted a healthy growth, with a 6% increase in current value and sales reaching \$1. 8 billion. Pre/probiotic drinking yogurt was the fastest growing subsector in 2009, recording value growth of 49% and sales of \$50 million. Despite the growth trend in drinking yogurt, Canadians still show a strong preference for spoonable yogurts, which accounted for 88% of retail value sales in 2009.

Yogurt has also experienced a huge increase in popularity, with consumption and distribution rates continuing to rise year after year. When comparing yogurt sales/consumption with ice cream sales/consumption in Canada, there is an obvious pattern of decline in ice cream, and an increase in yogurt. Referring to the graph located in Appendix B, Fig 2. 2, you will notice a gradual increase in yogurt consumption per capita, having doubled its number in litres over the past decade. Whereas ice cream consumption has decreased about three litres per capita consumption in that same time period (Canadian Dairy Information Center).

The Canadian Yogurt market is dominated by three major companies, and they include: Danone Canada Inc, Ultima Foods Inc, and Parmalat Canada Ltd. Together, they produce about 90% of the yogurt marketed in Canada <https://assignbuster.com/the-danone-group-marketing-plan-assignment/>

(Dairy Industry Profile). Company| Market Share (%)| Danone Canada| 52%| Ultima Foods \* Yoplait| 25%| Parmalat \* Astro ; Beatrice| 15%| All three of these companies basically produce the same type and flavours of yogurt, however it is how they package and market their product that determines the rate of success. There will be further analysis concerning these three key competitors in Section 2. of the report.

## 2. 2Relevant Factors and Trends/External Environmental Factors

**Packaging** Yogurt can be packaged in a couple of different ways through the most popular and cost-efficient, plastic container form. It can come in a bottle to drink, or in the form of mini, regular and large sized plastic cups or “tubs”. Most mini and regular sized cups are attached in groups of four, and are put into cases consisting of four to eighteen individual containers per case. However, all three companies offer the opportunity to purchase both single to family size servings.

Yogurt companies make their sales based on packaging attractiveness, health benefits, the variety of flavours, and competitive pricing. To give an idea regarding consumer flavour preferences, Fig 2. 3 in Appendix B illustrates the most popular flavours among yogurts over the past year on a global scale. Children Canadian children are being targeted with a range of functional yogurts providing alleged cognitive enhancement nutrients. Ocean Nutrition Canada (ONC) has now expanded its omega-3 agreement with Danone Canada into the drinkable yogurt sector.

According to a Euromonitor study, yogurt drinks are the fastest growing food product sector in the world. This report also predicted that the US functional dairy category would increase by 37% by 2010. The new range of Danino drinkable and traditional yogurts are fortified with omega-3 docosahexaenoic

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acid (DHA), derived from such marine sources as oily fish and microalgae. It is said that DHA intake is linked to normal cognitive development.

Furthermore, ONC claims that its “ Power-lock double-microencapsulation” technology disguises the fishy taste, having previously been used in such products as juices.

According to Packaged Facts, the US market for omega-3 enriched foods has grown from approximately \$100 million to more than \$2 billion in four years (Dairy Industries International). Functional Foods/Nutraceuticals Yogurt has evolved into a functional food, which means it is a food product that is consumed as part of a usual diet, but has demonstrated to have physiological benefits and/or contain a “ bioactive compound” (Agriculture and Agri-Food Canada). A nutraceutical is a product isolated or purified from foods that is generally sold in medicinal forms not usually associated with foods.

They have demonstrated to have physiological benefits, and provide protection against chronic disease. According to Agriculture and Agri-Food Canada’s market statistics, the global functional food and nutraceutical market is growing at a rate that is outpacing the traditional processed food market. Canada is emerging as a leading world supplier in this growing market (Agri-food Canada). Agri-Food Canada’s studies show that 89% of Canadians agree that food and nutrition have a positive impact on long-term and current health, and agree that certain foods can be used to reduce the use of medications.

The most popular reason for food choice (other than taste and preference) is the desirable nutritional qualities contained in the food such as fibre, antioxidants, and fatty acids (Agri-Food Canada). Below is a list of functional foods and the benefits derived from them: Benefit(s) from Food| Functional Food Component(s)| \* Reduce the risk of Cardiovascular Disease| \* Dietary Fibre – Beta-Glucan (oats, barley) – Soluble Fibre (psyllium) \* Fatty-Acids – long chain omega-3 ??? DHA/EPA \* Phenolics – tannins (cranberries, cocoa, chocolate)| \* Reduce the risk of Cancer| \* Carotenoids Lycopene (tomato products) \* Dietary Fibre – Insoluble Fibre (wheat bran) – Beta-Glucan, Soluble Fibre \* Fatty Acids – CLA (cheese, meat products) \* Phenolics – anthocyanidins, catechins, flavonones, flavones (fruits/ vegetables ; tea) – lignans (flax, rye, vegetables)| \* Lower Cholesterol \* Protect against heart disease | \* Soy Phytoestrogens – Isoflavones (soybeans and soy-based foods) \* Dietary Fibre – Beta-Glucan, Soluble Fibre \* Plant Sterols – Stanol ester (corn, soy, wheat, wood oils)| Source: Agriculture and Agri-Food Canada: “What are Functional Foods” Organic Foods

An ongoing trend is the mainstreaming of both organic foods and its consumer. The demand for organic foods in North America continues to grow. No longer just a niche market, both organic food and the organic consumer are becoming a large part of the mainstream. According to a 2007 Neilson study, there is a significant increase in interest by Canadians for the consumption of organic foods. 51. 5% of Canadian households purchased an Organic product throughout the 2006 year, with a sales increase of 31% compared to the previous year (Alberta Government).

The food industry is expected to continue switching to using more “real foods” as ingredients in 2010, according to Mintel; a U. S based marketing research firm. While the consumer of organic food was previously largely associated with vegetarians and environmentalists (the classic organic consumer), the new organic consumer is increasingly concerned with nutrition, health and wellness (OACC). The main concerns of Canadian consumers when it comes to food consumption are taste, nutrition, health, and food safety.

Similar to most other major markets there is strong concern over GMO and other environmental and health issues. These mainstream consumer trends make organic food and beverages very appealing and help explain the rapidly growing organic market (OACC). Flavour Trends (Ingredients) Mintel has also identified six key flavour trends that are likely to appear in North American foods throughout 2010. They are as follows: Ingredient| Description| Cardamom| – known to be intensely aromatic with a strong, unique taste – will find a home in more than just ethnic fare|

Sweet Potato| – aside from being a delicious snack or side dish, they will also become known as the new functional food, as they are rich in dietary fiber, beta carotene and vitamins C and B6| Hibiscus| Expect to see it become a common ingredient in the beverage market| Capuacu| – the taste of the Amazon, it’s the next big superfruit – contains more than 10 vitamins and antioxidants, as well as essential fatty acids and amino acids – the fruit can be used to make juice, jam, as a flavor for ice cream, or it can be an ingredient in other dessert dishes (WisegEEK. com). Rose Water| – no longer just a fragrance, predicted to become a common flavour in ethnic foods – <https://assignbuster.com/the-danone-group-marketing-plan-assignment/>

can also be added to a brownie recipe for a subtle rose water flavour| Latin Spices| A problem that exists within the yogurt market is its lack of shelf space in grocery stores. | Source: Food in Canada: Trends for 2010 (canadianmanufacturing. com) Nutricosmetics Food and beverage companies have created a new trend when it comes to the consumption of drinks and snacks, and that is to provide benefits to the consumer with regard to both their physical appearance and internal health.

As these products are naturally targeted more towards women, food and beverage companies are beginning to tap into a growing international market for “ beautifying” food and drinks, packed full with nutrients that promise to enhance people’s appearances. This new category of “ beautifying” products is referred to as “ nutricosmetics”, and is developing their own market that, “ ties nutrition to skin and body health, and purportedly provides beauty from the inside out” (Leung). Last year, U. S. - based market research firm Kline ; Company valued the emerging nutricosmetic industry at more than \$1-billion (U.

S. ) and expected it to see double-digit growth for the next five years (Leung). This is a trend that the yogurt industry has obviously picked up on and has had a prolific effect on the enormous growth associated with it. Limited Shelf Space Considering how massive of an industry yogurt has grown to be, it has very limited shelf space at grocery stores and as a result, all the different brands and flavours tend to block one another out. Since grocery and superstores are where yogurt companies conduct the mass majority of their sales, market share becomes a huge factor to this industry.

In response to this Danone (Activia in particular) has begun to assemble kiosk stands in the dairy section in order to provide more room and selection of their products (as seen in Fig 1. 1 of Appendix A). As of right now, these “secondary displays” seem to be the only way to add more space to the category.

2. 3 Analysis of Customers Yogurt is a product created for people of all ages, therefore it is necessary to segment the yogurt consumer based on lifestyles, attitudes, and behaviors towards food.

Below is a chart of different consumer types, what they look for in purchasing food, and the Danone product designed for them:

Consumer/Customer Type	Benefits (needs, wants ; behaviours towards food product)	Danone Product (if available)
Children	High Energy, Good Taste, Nutrient-rich, Fun and Enjoyment, Promotes healthy growth – Uses as source of nourishment and a quick snack	Petit-Danone- Danino Both have different flavors available like Strawberry, Raspberry, Banana, Vanilla
Health Conscious	Low fat, high protein, foods that reduce the risk of disease (functional foods) – Uses as healthier alternative for snacking purposes	Danone Light N’ FitDanActiveFat-Free Activia
Dieters (people trying to lose weight)	Low Fat, Low Cholesterol, Low Calorie, Taste not as important, nutrient-rich – Uses as meal replacement	Donane Fruit on the BottomDonane Light N FitDonane Greek
Adolescence	Energy rich, Fun and Enjoyment, Good taste Uses as a great tasting, ready-to-go snack	Danone Silhoutte
Seniors/Elderly	Healthy Eating and Living, Calcium Rich, Delays aging, Easy Digestion, improves metabolic rate, Boost Immunity, Low Cardiovascular diseases – Uses for benefits from included ingredients	Danone CreamyDanone Activia
Athletes	High energy, nutrient rich, and	

healthy diet. High protein, maintain lean muscle mass-Uses as an energy boost snack| DanActive|

## 2. 4 Competitive Analysis

The chart below gives an overview of Danone's current, most popular brand of Activia and its main competitors. If you go to Appendix C of the report, you will find a visual of Activia's, Yoptimal, and Biobest's newest product.

### FACTORS TO ANALYZE|

#### ACTIVIA|

#### YOPTIMAL|

#### ASTRO BioBest|

#### Flavours|

Available in 14 flavours. | Available in 10 flavours. | Available in 19 flavours.

#### Product Line and Newest Product|

- \* Activia
- \* Activia Fat-Free
- \* Newest Product: Activia Dessert

Available in 4 flavours: Vanilla Waltz/Strawberry Flamenco/Cherry Cha Cha/Lemon Merengue. \*See Appendix C for Image\*

- \* – Yoptimal Stirred
- \* – Yoptimal Stirred 0% M. F.
- \* – Yoptimal Crunchy

#### Newest Products: \*

- Yoptimal crunchy and Yoptimal Fat-free
- \* Yoplait Asana (calcium rich)\*See Appendix C for Image\*
- \* – Biobest smoothie
- \* – Biobest vitalite
- \* – Biobest antioxidant
- \* – Biobest Omega 3
- \* – Biobest plain
- \* – Biobest Fruit
- \* – Biobest Calcium.

#### \* \* Newest Product: \*

- Biobest MaxImmune Pro-biotic yogurt drink.

\* \*See Appendix C for Image\*

#### Brand Positioning-|

- \* – Mainly for the people suffering from digestive irregularities.
- \* – Activia helps to regulate your digestive system in two weeks.
- \* – Silhouette: 0 fat and 0 sugar added. “ Satisfaction Yogurt”|
- \* Yoplait new shape container: 650 gm tub with increased functionality. Easy to use and 100% recyclable.
- \* Yoplait Asana: Contains high calcium. Targets Women.
- | \* Biobest Vitalite: ONLY yogurt with 3 Probiotic and Prebiotic fibre.
- \* Biobest calcium: ONLY yogurt to offer 50 % of your required daily calcium in just two servings.
- \* Astro Zero: Contains Zero fat, zero aspartame and zero sugar.

#### | Promotion |

- \* Internet: [www.danone.ca](http://www.danone.ca)
- Activia Dessert: “ The

Perfect way to end your meals” \* Silhouette 0+: “ Come and Share magic moments of your life” \* Activia 14-day challenge: Internet promotion | \* Internet: www. yoplait. ca” Are you Feeling Yoptimal Today” \* Test your yogurt knowledge game: Internet. | \* Internet: www. astro. ca \* Take the online challenge and you could win a trip for you and 3 lucky friends. \* Biobest smoothie : “ Feel Good On the Go” \* “ Whats your Biobest Number”| Share of Shelf Space| Largest shelf space| Medium shelf space| Smallest shelf space| Market share| 52%| 25%| 15%| 3. 1SWOT Analysis STRENGTHS \* Majority of Canadian Market Share (52%) \* Strong brand image: – The green “ Activia” label is the most recognized yogurt in grocery stores today- represents a healthy and active lifestyle WEAKNESSES \* Only has one production factory in Canada, which is located in Quebec; which means Danone Canada relies heavily on distribution| OPPORTUNITIES \* Product development: – launch a line of the increasingly popular all natural Greek yogurt \* Organic Food Market – increasingly popular food market \* Functional Ingredients \* The yogurt market continues to grow becoming the more popular dairy product than ice cream | THREATS \* Competition from Yoplait and Astro \* Lack of shelf space in grocery stores | 3. 2Gap Analysis The gap that exists in the Canadian yogurt market appears to be with regards to the ingredients within the yogurt.

There are a number of new innovation opportunities that could respond positively to the “ nutricosmetic” fascination. It is projected that this “ beautifying” of foods will be multi billion dollar industry within five years. Danone Canada already seems to be on the right track with their Danino and Activia brand. The organic food market is still untapped by yogurt

companies, providing ample opportunity to penetrate this market. The organic consumer in Canada is becoming an increasingly popular shopping style. By replacing the artificial flavouring with all natural ingredients to yogurt, it is likely to succeed in the organic food market and has potential to start an “ organic yogurt” trend within the industry.