

# Marketing danone assignment

[Business](#), [Marketing](#)



India was setup as a wholly owned subsidiary of Groundwater with the aim of promoting fresh dairy and milk products. The dairy industry benchmark suggests that the packaged yoghurt market in India could be about 60, 000 tones, while the indigenous market comprising curd sold in loose pouches by local dairies may be about 140, 000 tones. The major players in the organized segment include Maul, Nestle and some smaller regional players like Indian in Karakas and Mila in Kraal. Thus, India presents a promising opportunity to Deanne especially with it's differentiated emphasis on quality and freshness.

With this in mind, Deanne has launched it's line of yoghurt in the select markets of lambi and Pun and is now targeting a market share of 12% in 5 years. This report outlines the marketing strategy decided by Deanne to achieve these targets. Introduction Grouper Deanne is engaged in the marketing and production of fresh dairy product and beverages. It is headquartered in Paris and is the fifth largest packaged food company in the world with just over 1% shares of global sales - 1786 billion IIS\$ in 2008.

In recent years, the company has refocused it's operation into three core arrests - water, fresh dairy products, baby food and medical nutrition.

Daemon's principle product is Yoghurt. It is the world's leading company in yogurt with 24% value sales in product category. Mission - Daemon's mission is to provide healthy food products to as many people as possible.

Our rationale for choosing Deanne yoghurt is based on the following alarming statistics - Under-nutrition contributes to 53 percent of the 9.

Million deaths of children under five each year in developing countries such as ours Iron deficiency is the most prevalent form of malnutrition worldwide,

affecting an estimated 2 billion people. It is impairing the mental development of 40-60 percent children in developing countries Vitamin A deficiency affects approximately 25 percent of the developing world's pre-schoolers. It is associated with blindness, susceptibility to disease and higher mortality rates. It leads to the death of approximately 1-3 million children each year. Iodine deficiency is the greatest single cause of mental retardation and brain damage.

Worldwide, 1.9 billion people are at risk of iodine deficiency, which can easily be prevented by adding iodine to salt In light of the above, we found the following characteristics inherent in Deanne yoghurt which made it more than just a convenient tasty snack: DEANNE YOGHURT is fortified with 4 micro nutrients : Vitamin A, Iron, Zinc and Iodine keeping in mind the sheer number of Indians who suffer from deficiency of some or all of these nutrients Other benefits of yoghurt are: Nutritious texture The smooth creamy texture of yogurt comes from lactic acid, which is formed when milk ferments.

Fermentation occurs using two lactic bacteria: Streptococcus thermophilus and Lactobacillus delbrueckii var. bulgaricus. Improved digestion During fermentation, between 20 and 30% of milk's lactose is converted to lactic acid. Since yogurt contains bacteria such as Lactobacillus, those who are lactose-intolerant can tolerate it better when they eat it. Yogurt's texture makes it easier to digest. Due to its thickness, yogurt takes longer to move through the digestive system, allowing the lactate enzyme to break down lactose more efficiently and absorb nutrients effectively.

Low fat Recommended fat intake represents between 20% and 35% of total energy intake and is normally 65 g a day for women and 90 g for men. Eating yogurt allows one to maintain these limits. With at most 5 g of fat per serving, yogurt is pure health food that is not just low fat, but also contains a host of other nutrients. Another reason for choosing Deanne yoghurt is that it has been launched very recently in Pun. As a part of the phased launch program in India, Deanne yogurts were initially made available in three flavors (strawberry, mango and vanilla) across super marts and grocery stores in Pun and now lambi.

Deanne fortified yogurts have a shelf life of 15 days. While Deanne Dahl is priced at RSI 27 for 400 grams and RSI 14 for 150 grams, labored yogurts are priced at RSI 10 each for 100 gram pack size. Such a product which is in its initial stage of launching, gives us an opportunity, as marketing students, to analyze the Indian market for flavored yoghurt and develop a marketing plan for further expansion of Deanne Yoghurt. Situational Analysis Yogurt is a fermented milk product prepared by blending bacterial cultures into the milk.

In India, traditional yoghurt products such as Dahl, sour milk drinks such as alias and buttermilk used to BRB produced at home at very negligible cost. Many sections of consumers still prefer preparing such items at the home because of high costs of branded products in the market. But at the same time due to growth in the middle class section of society in big cities and increased awareness of nutritional value of such dairy items, accompanied by a fall in the per unit prices of processed dairy products, the sales of packaged dairy food products has grown in the last decade.

Context Currently yoghurt in India is available in two forms namely: set and stirred. Set yoghurt is available in plastic cup containers usually in packs of 100 to 400 grams. It is particularly popular in the northern and western parts of the country. On the other hand the stirred or loose form is available in plastic pouches in packs of 100 ml to 500 ml quantity. These loose packs are more prevalent in the southern part of the country.

Rising average income of households in the urban areas, increasing awareness about the health benefits of processed dairy products, combined with the increasing western influence in society has led to a faster rate of growth in the demand for yoghurt and other sour milk products amongst the Indian consumers. Till very recently there was not much demand for flavored or fruit yoghurt among Indian consumers and most of people consumed it in plain form.

Company Grouper Danone (Danone) is a global market leader in production and marketing of fresh dairy products and beverages. The group is headquartered in Paris, France and employs 76, 044 people globally. The group recorded revenues of E 15, 220 million (approximately \$22, 393. 8 million) during PAYOFF, an increase of 19. 1% over PAYOFF. The operating profit of the group was E 2, 270 million (approximately \$3, 339. 9 million) during PAYOFF, an increase of 33. 8% over PAYOFF. The net profit was E 1, 313 million (approximately \$1 , 931. Lion) in PAYOFF, an increase of 10. 8% over PAYOFF. The product line offered by the company include bottled water, savory snacks, dairy desserts, pro-biotic dairy products, beverages and fresh dairy products under more than 25 brand names. The key strengths of the

company includes, strong global brand image, market leadership across a wide variety of product types and across geographies, diversified revenue model which reduces the risk and most importantly strategy of product innovation to strengthen group's competitiveness.

With the focus on the healthy and nutritional dairy food products, Deanne group has e-launched itself in India after its initial alliance with Britannic ended in 2007. The aim of the company is to grab a significant pie of the flavored and value-added milk product category, by differentiating itself through extensive product innovation. The key focus of the company would be on delivering products which have nutritional benefits and would be focused mainly on the health conscious people of the society.

Competitors Karakas Milk Corporation KM with its flagship brand Indiana accounted for the maximum share of yoghurt and sour milk product market in India till 2008. KM didn't have a national presence, but was widely available in southern India especially Karakas, which accounted for highest per-capita consumption of sour milk and yoghurt products. In addition to KM, the Gujarat Co-operative Milk Marketing Federation Ltd (GAMMA) also occupied a major chunk of the market and both the companies had recorded a growth of about 1% during 2008.

Amnesia, a probity yoghurt brand of Nestle, increased the market share of Nestle on accounts of increased demand for yoghurt among the consumers in 2009. Pricing was one of the most important factors in determining the market share of the brand. Due to low manufacturing costs, KM and GAMMA were able to price their products at significantly lower levels as compared to

national players like Nestle. For example a gym unit of Indian Dahl is available for RSI 10 whereas the same quantity for Nestles Fresh and Natural Dada costs RSI 13.

Till 2009 Nestle and Weakly were only international players in the yoghurt market in India. State level cooperatives supported the domestic brands capability of having short shelf life, and so boosted the market for them compared to the international players. Also as late as 008 there was no private label presence in the yoghurt and sour milk market in India.

Collaborators Deanne faces intense competition from local players like Karakas Milk Corporation and Gujarat Co-operative Milk Marketing Federation Ltd.

These local players have several advantages over an external player like Deanne. For example due to low manufacturing costs and state funded cooperatives they are able to price their products low as compared to other players. Also, the distribution network of these local players is far more effective and penetrates deeper into the geographies, which is a major profit factor in dairy product industry. Also the supply of milk and culture to be used in the production process needs to have an efficient delivery system.

To address such problems Deanne has chalked out plans of Joint ventures and partnerships with other players. It has partnered with Dynamic, as the co-manufacturer for Deanne products in India. Also it has entered into a Joint venture with Japanese pro-biotic dairy products manufacturer Weakly Honshu to launch pro-biotic yoghurt called Weakly distributed through the direct selling channel popularly known as the Weakly Ladies. Also Deanne

has partnered with several retail chains and distribution networks to make its product readily available to a wide audience.

**Customers** The size of the Yoghurt market in India has increased by approximately 18% in 2008-09 in current value terms to reach RSI 6.5 billion. Sour milk drinks is the fastest growing category, with about 22% value increase in 2009. With the growing awareness about the nutritional and health benefits of the organic and cultured dairy products among the urban population of India, there has been a significant rise in the demand for such products. As the number of players offering such products are currently very few, there is a good business opportunity in this segment.

The prospective consumers are people who value the nutritional and health benefits of processed and packaged dairy food products. The key drivers which push the customer to look out of such products are the reliability and brand image of the vendor. The customers also place value on shelf-life and whether the product is made with natural ingredients. Packaging also plays an important role on consumer preference. The size of the packs available and the ease with which they can be consumed, stored and re-consumed is an important criteria for a consumer to make a product choice.

Pricing of the various packs plays an important role in the ultimate buying decision of the consumers in India. The price needs to be decided by keeping in mind the per unit cost of production as well as the competitor's price for the same quantity. Source: Official statistics, trade associations, trade press, company research, store checks, trade interviews, Remuneration

International estimates Porter's Diamond - Determining Factors of National



Advantage Source: [http:// www. Administering. Mom/](http://www.Administering.Mom/) Factor Conditions: India has readily available cheap labor.

Also skilled workers are in abundance in urban and semi-urban areas at low costs. The raw materials like the milk, culture are readily available all over the country. Setting up a manufacturing unit is comparatively easy in certain parts of the country due favorable state laws Demand Conditions With increasing awareness of nutritional and health benefits of packaged dairy products there has been a tremendous increase in the demand of such products The size of the Yoghurt market in India has increased by approximately 18% in 008-09 in current value terms to reach RSI 6. Billion Western influence over the middle and upper middle class has increased the demand Related and Supporting Industries Plans of Joint ventures and partnerships with other players like Dynamic, as the co- manufacturer for Deanne products in India Also it had entered into a Joint venture with Japanese pro-biotic dairy products manufacturer Weakly Honshu to launch pro-biotic yoghurt called Weakly Ladies' Done has partnered with several retail chains and distribution networks to make its product readily available to the targeted customer segment

Firm Strategy, Structure, and Rivalry Currently not many people aware of flavored and fruit yoghurt in India Local players like Karakas Milk Corporation KM etc enjoy a number of benefits over external players in terms of lower costs and better distribution systems No private label presence in the yoghurt and sour milk market in India currently Pricing plays an important

role in decision making for Indian consumers Marketing Objectives Daemon's marketing objective is to gain 12% market share in five years till 2014.

In a category dominated by wildebeest's players, it will take considerable time to establish market leadership. While this would naturally be a long term goal for the company, its immediate goal should be to incrementally gain market share and create awareness for flavored yoghurt as well as brand Deanne. Marketing Strategies Segmentation Scheme, Segments Profile The market segmentation can be done using demographic and geographic variables. The demographic variables used are income, gender and age. The geographic segments are divided based on urban or rural locality inhabited by the population being segmented.

By 2016, the share of middle-class households (defined as those having annual income of in the top 20 Indian cities is estimated to move from 39% in 2007-08 to more 55%. High-income households (more than US\$30, OHO) will triple in the same period to 13%. More importantly, the share of low-income households (below IIS\$3, OHO) could halve to just 7% by 2016 compared to 16% in 2007-08. Such a gigantic shift in household demographics will have a huge impact on demand for everything from food and beverages and consumer electronics to clothing and personal transport.

The arbitration of India is taking place at a faster rate than in the rest of the world. By 2030, 40. % of Indian's population will be living in urban areas compared to about 28. 4% in 2007-08. The population in urban India saw rapid growth driven by birth and migration during 1995-2007 which will continue until 2015. The percentage of urban households increased from 26.

9% to 29.3% in the period 1995-2007, and is expected to reach 31.8% by 2015. Target Segment and Rationale Thus based on the various socio-economic indicators mentioned above, the urban middle-class Indian family would prove to be a very attractive target segment.

The choices of women and children play a huge part in deciding the food items consumed by a family. Married women who are educated and who are balancing busy careers with their families have comparatively less time to spend on daily cooking which has resulted in the increased popularity of packaged food. This trend is likely to continue as the number of working women is expected to increase over the coming years. Teenagers (children in the age-group 10-14 years) have a high level of media awareness and influence family decision-making in urban India.

An example of their influence is the success of breakfast cereals in urban India. Cereals are increasingly being consumed by young urban children within rich and middle-income families and Kellogg India has successfully taken advantage of this by positioning its cornflakes as a nutritious snack for children after school. Therefore it is important to target this segment of the population. But influential as they are, a singular focus on just the children can be detrimental as the proportion of teenagers in the total population is estimated to fall by 0.5% from 2007 to 2015, owing to families opting to have fewer children. Positioning and Rationale For many years Indians have had a negative perception of packaged food as stale and inferior. But with greater information about product quality, the growing affordability and necessity of such goods has contributed to the changed perception of

packaged goods as 'hygienic and high in quality', which in turn has led to the increased popularity of branded packaged goods.

Due to greater investment in the power sector and the penetration of electricity to most parts of the country, the sale of domestic electrical appliances such as refrigerators is increasing. This factor too has led to an increase in sales of frozen and refrigerated packaged foods. Consumption of yoghurt in India is highest in Northern and western India where Indian yoghurt (curd) is eaten sweet (as opposed to consuming yoghurt with savory foods like in most of South India) and this would provide an easier progression to flavored yoghurt in terms of consumer tastes and preferences.

The concept of flavored yoghurt is common in western cuisine, and with middle-class urban Indian families eating out and expanding their culinary horizons more than ever before, they are highly likely to be open to the concept of flavored yoghurt. Taking into consideration the above mentioned demographic, economic and social factors, Deanne yoghurt can be positioned as a fast and healthy versatile food option. It can be consumed as a snack between meals, as dessert, or even as part of a meal like breakfast. It differentiates itself based on the superior health benefits, taste and quality offered.

Deanne yoghurt is uniquely positioned as it offers the taste and enjoyment derived from consuming an indulgence food-item like ice-cream as well as the health and nutritional benefits of a health drink (Egg: malted health drinks). In this way it can marry the benefits of both products and

differentiate itself from other value-added dairy and health food options present in the market. Market Research MARKET RESEARCH Background: When Deanne launched Deanne Yoghurt in Pun, they didn't undertake a very extensive market research process.

The company was new to India therefore collecting valuable feedback on customer preferences and their attitude towards health snacks was more important. They conducted surveys and got feedback on aspects like their eating habits, number and type of flavors to launch etc. The company was reasonably confident of Deanne's acceptance in India as it has made the product work in countries with no exposure to fermented dairy whatsoever such as Indonesia. The Problem: What is the consumer perception of yoghurt in general and is there a profitable potential market for flavored yoghurt in India?

Decision Alternatives: To increase the scope of Deanne yoghurt in other cities beyond Pun and lambi To halt expansion The former would require expanding the manufacturing capacity and setting up more factories. Currently there is only one in Barmaid (near Pun) in Maharajah's which caters to both Pun and lambi markets. Research Objective: To determine if India is ready for Flavored yoghurt and to see which specifications and preferences of nonusers can the company cater to in order to capture a larger market share. Data sources: Primary data collected through a survey.