Case 21 Danone: Strategy Implementation in an International Food and Beverage Company

At the beginning of 2012, Franck Riboud was beginning his sixteenth year as chairman and CEO of Danone, the French-based food and beverage multinational. During this period, Riboud had transformed Danone from a diversified food, beverage, and glass container company selling mainly in France, Spain, and Italy, into an international supplier of dairy products, bottled water, baby foods, and health foods.

During the next three years, Danone would continue to emphasize international expansion with a particular focus on large markets which offered the potential for double-digit growth rates—in particular: Mexico, Indonesia, China, Russia, the US, and Brazil. Riboud believed that the growing demand in emerging market countries for improved nutrition—dairy products in particular—and a growing trend among consumers in the advanced countries toward healthier eating would underpin Danone's revenue and earnings growth, despite the challenges of global economic uncertainty and rising world food prices.

At the same time, Riboud was concerned over Danone's ability to manage its increasingly disparate business empire. Under the father-and-son team of Antoine and Franck Riboud, Danone had developed a distinctive management style that combined strong values with a decentralized, entrepreneurial approach to business development.

As a result, Danone's approach to international expansion had been opportunistic and fragmented. In some countries, it had grown by acquisition; in others, by joint venture or organic growth. Some businesses were built around global brands, for example Evian water and Danone yogurt; other products and brands were specific to individual countries.

Danone's entrepreneurial approach to developing international business had yielded major successes in penetrating new markets, most notably Russia, which had become Danone's biggest national market. At the same time, Danone had experienced some painful reversals; most notably in China, when in September 2009, after ten years of dispute and acrimony, Danone sold its 51% interest in its drinks joint ventures to its partner, Wahaha.[1]

Written by Robert M. Grant and Angela Amodio. The case draws upon an earlier case: "Danone: The Corporate Strategy of a Food and Beverage Giant," by A. Amodio and R. M. Grant, Copyright © 2010 SDA Bocconi, Milano. © 2012, Robert M. Grant and Angela Amodio.