

Danone in 2012

The Businesses

Danone was organized into four business areas:

- **Fresh Dairy Products** accounted for almost 60% of total sales, giving Danone a global market share of about 27%. Danone's dairy products comprised a number of yogurt and fromage frais products sold under the brand names Danone (Dannon in the USA) and Gervais. Recent growth had come from several new product lines: probiotic products sold under the Actimel and Activia brands (Bio in certain countries), low-fat products (Taillefine, Vitalinea, and Ser), and products formulated specially for children under the Danonino, Danimals, and Petit Gervais brands. Fresh dairy products were formulated to meet the nutritional needs and preferences of individual national markets. In China, Bio (sold as Activia in most other countries) established market leadership in the "digestive comfort" category. In South Africa, Nutriday, a yogurt product, has been Danone's lead dairy product. In Indonesia, Danone's chocolate milk drink Milkuat Pouch was relaunched as a frozen yogurt. In countries lacking refrigerated distribution networks, Danone relied on localized micro-plants and designed its products for longer shelf-life at room temperature.
- **Water:** Danone was the world's second-largest supplier of bottled water (after Nestlé). It combined global brands Evian and Volvic with a number of strong local brands—Aqua in Indonesia, Mizone in China, and Bonafont in Brazil and Mexico. Emerging markets (particularly in Asia and Latin America) were especially attractive, because of the health advantages of bottled water over both sweetened soft drinks and alternative sources of drinking water.
- **Baby Nutrition:** Infant formula, to complement breast-feeding, comprised three-quarters of the sales of the Baby Nutrition division. The remaining quarter was made up of sales of cereal-based and other solid foods for infants and toddlers. Sales were mostly under local brands, with products formulated to meet local needs. Western Europe, especially France and the UK, was the biggest market for Baby Nutrition, but the most rapidly growing markets were in Asia, especially China and Indonesia. In Indonesia, Danone's SGM and Gizikita brands emphasized affordability.
- **Medical Nutrition** comprised a range of products designed to meet the nutritional needs of people with specific nutritional needs as a result of old age, illness, or medical treatment and convalescence. The 2007 acquisition of Numico had positioned Danone as the European market leader in this sector. Danone regarded medical nutrition as "the most attractive segment in the food industry today" as a result of its growth, potential for innovation, and lack of cyclical vulnerability. It also represented a challenging market for Danone since it required "very extensive research, unremitting communication with healthcare and regulatory authorities and a special distribution system." Danone aimed at developing global brands for its medical nutrition products, including Nutricia, Neocate, Fortimel, and

TABLE 1 Net sales
2011

	2011
Fresh Dairy Products	11,235
Waters	3,229
Baby Nutrition	3,673
Medical Nutrition	1,181
Total	19,318

Notes:

^aWater sold in China under t

^bBlédina's sales and trading op

from 2007.

^cThe 2007 data for Baby Nutri

^dIncludes sales of the Biscuit

n.a.: not available.

Source: Danone annual repo

TABLE 2 Trading o
2011

	2011
Fresh Dairy Products	1,475
Waters	424
Baby Nutrition	798
Medical Nutrition	236
Total	2,843

Notes:

^aBlédina's sales and trading op

from 2007.

^bThe 2007 data for Baby Nutri

n.a.: not available.

Source: Danone annual reports