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1. What environmental factors is Danone responding to by shifting strategy to volume growth rather than sales growth?

Danone takes the approach by shifting strategy to volume growth rather than sales growth after taking consideration on macro-environment factors which is social and economic. In terms of economic, Danone are targeting wider range target market by dropping the price and make it affordable to the lower income rural populations. they believe that low ability to pay will cause low willingness to buy and this will impact their sales growth. Therefore, Danone took the action to cut the price and increased the volume of production to meet their target which is focusing on volume growth. Other than that, Danone also looks comprehensive into social environment especially the society cultural change and practices.

2. Explain why Danone is focusing on only three main sectors. Why these sectors?

Danone focusing only on three main sectors which are yogurt, spring water and baby food in order to achieve its mission "bring health through food to the largest number of people". This mission actually shown that Danone can fulfil the markets demand, the customer wants and needs. They wanted to focus on a product that gives life benefit to the society and these three sectors can give different benefit in terms of healthy and convenient products. First sector is yogurt. It comes from milk, so people who consumed yogurt will get a dose of animal protein, and other several nutrients found in dairy foods. Second sector is spring water. This water is natural water from underground sources. It is the safest kind of drinking water, pure and most natural and has all the important minerals required by the human body. Last sector is baby food. Considered of an increasing number of employed women lead to the increased in baby food demand. Consumer tends to look for convenient food with nutrients for their babies. Since people like healthy and convenient food, they cut the selling price and target to expanding their sales in emerging market in order to remain relevant and sustainable in this industry. They also chose these low-growth products to achieve organic growth in sector and making it a stock market darling.

3. What rationale can you give for the fact that Danone has retained its water brands (such as Evian, Volvic and Badoit) in view of recent criticisms of bottled water?

In order to help their marketing strategy by shifting it to volume growth instead of sales growth, Danone has retained its water bottle brand which is one of its main products even there is recent criticisms of using water bottle. To respond on the criticisms, Danone has promised to make all its plastic bottles from 100% recycled by 2025. The advantage matrix looks at the return on assets and the relative size of a company. From those results, there are four correlation types: fragmented, specialized, stalemate, and volume.