Danone

Company profile & Code violations

Known until 1994 as BSN Groupe S.A., Danone has four core businesses: fresh dairy products (principally yogurts); beverages (mainly bottled water); clinical nutrition products and baby foods.

Danone's involvement in the baby food market began with Blédina, a relatively small company in France. In 2007, Danone acquired the Dutch NUMICO group and in one fell swoop it became the second biggest baby food company worldwide. Almost overnight, major European companies such as Nutricia, Milupa, Mellin, Dumex and Cow & Gate became French-owned. Danone also owns bottled water brands Evian and Volvic, both of which are promoted as suitable for babies.

Danone sells its products in more than 150 countries; around two-thirds of revenues are generated in Europe, 16% in Asia, and 18% elsewhere in the world. The Group has a Business Conduct Policy which claims that it “specifically ensures that its baby milk marketing practices comply with national legislation or regulations and any other measure adopted by any government.”

Danone's Policy says nothing about one major tenet of the Code: the obligation of companies to ensure that their conduct at every level conforms to the Code, independent of other measures taken for the implementation of the Code.

Danone describes its mission as bringing health through its products. It calls itself the only food company to focus exclusively on wellbeing. Through its subsidiaries, Dumex, Milupa and Nutricia, Danone produces a range of highly priced formula products. In marketing language, the trend is called ‘premiumisation’, where product names can acquire “Gold” status and command a higher price.

Designer formulas rest their promotion on the questionable wonders of a prebiotic combination called Immunofortis. Danone claims this mix stimulates the growth of good bacteria in baby's gut and strengthens its immune system. Immunofortis claims have landed Danone in hot soup because regulatory authorities say such claims are not scientifically substantiated.

The logos above show how Immunofortis is marketed right across brands using the same shield and the same tactics. The practice seems somewhat incestuous.
Although its Food, Nutrition and Health Charter states that Danone has a strict cross-company procedure to ensure that its nutritional and health claims are truthful and not misleading, the following developments in 2009 refute those lofty ideals.

a. In February 2010, the European Food Safety Authority (EFSA) rejected Danone’s claim linking consumption of its immunofortis prebiotic formula and a claim to “naturally strengthen the baby’s immune system”. EFSA gave an opinion that the evidence provided by Danone is insufficient to establish a cause and effect relationship between the consumption of Immunofortis and the initiation of appropriate immune responses. It found some of Danone’s data “limited, inconsistent and irrelevant”. The EFSA opinion impacted on claim-making in products such as Aptamil and Nutrilon, their marketing and labelling.

b. Prior to that, in the UK in July 2009, the Advertising Standards Agency (ASA) made a similar ruling against Nutricia (trading as Milupa and Cow & Gate) for unsubstantiated claims in their ads. (See the write-ups under Milupa and Nutricia for more details.)

Despite these marketing setbacks, strong growth in its baby food division and demand in Asia saw the company’s full-year 2009 profit rising to €1.36 billion from €1.3 billion in 2008.

In 2009, sales in its baby food division grew 7.9%, on a like-for-like basis, driven by the promotion of stage-two products (for children aged from 6 to 12 months) and stage-three products (12 to 18 months) cereals and prepared foods for toddlers between 18 and 36 months.

Since past monitoring has shown Danone companies to be consistent Code violators, breastfeeding advocates were up in arms when its CEO Franck Riboud was appointed in 2006 to join the Board of Directors of the Global Alliance for Improved Nutrition (GAIN), an alliance which supports public-private partnerships to sell foods and supplements to vulnerable populations. Following pressure, the GAIN Board asked Danone to step down.

The Danone report which follows is assembled according to brand name, in alphabetical order.