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The Use of Marketing Communication Tools
by DANONE Company

Each company that wants to be successful on the market has to understand the basic principles of effective communication with the market and also should focus on creating an appropriate and balanced communication mix. When communicating with customers, the most important is the basic information about the product and its advantages. Therefore, each company has to strive to communicate clearly, consistently and convincingly. Important is that the various marketing communication tools were collected and combined with respect to the target market segment. The aim of this paper is to assess the current state of marketing communication and trends in the use of communication mix tools with a focus on advertising. The paper deals with both the analysis and assessment of the general impact of advertising on consumer behavior and focuses on "Danone" company and evaluation its advertising policy to customers.

Introduction

The actual marketing communication begins with identifying of target group, creating a communication strategy and its subsequent implementation. Communication is associated with the two concepts - Emotional Selling Proposition (ESP) or Unique Selling Proposition (USP). USP concept involves the establishment of communication for some benefits of the product, for example high quality, using the latest technologies etc. On the other side, ESP solves a sales offer by using the psychological association and this concept gradually replaces the concept of USP.[1]

Marketing communication is an interdisciplinary matter due to the use of economic, business and marketing basics, but also uses knowledge of psychology, sociology, or customer behavior. Nowadays, it is strongly affected by development in modern technologies, electrical engineering and computer science.

De Pelsmacker, Geuens and Van den Bergh explains the concept of integrated marketing communications as a new way of looking at the overall marketing communications, from which it was previously seen as only part of the promotion, advertising, public relations, etc., in such a way that the customer sees all together as an integrated flow from one source.[2]

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[1] DE PELSMACKER, P. – GEUENS, M. – VAN DEN BERGH, J. 2006. *Marketing Communication: European Perspective.* 3.rd Edition . New Jersey: FT Prentice Hall, 2006. 648 p.
[2] DE PELSMACKER, P. - GEUENS, M. – VAN DEN BERGH, J. 2003.*Marketing Communication*. Praha: Grada Publishing, 2003, p. 29.

Advertising communication is increasingly integrated in order to achieve synergies through an appropriate mix and timing of advertising media. Its aim is planning and monitoring brand communications, brand awareness and brand recognition.[3]

The basis of good corporate communication mix creates the elements such as advertising, public relations, personal selling, sales promotion, direct marketing and event marketing. These are the tools by which Danone company seeks to achieve its advertising and marketing objectives. In 2011 Danone came with a new campaign: "Oh la la Danette!" It is a delicate dessert prepared according to recipes from France. Danone used this campaign in addition to TV advertising and public relations tools, numerous tastings and samplings, promo for 200 days directly to customers in major shopping centers and giving the new dessert Danette to customers for free to try it.

Material and Methods

Submitted paper analyzes the impact of advertising on consumer behavior, based on marketing research. The first questions were aimed at the general site of ads, then the rest of questions examines the impact of advertising on the consumer in connection with Danone company. The primary source of information was a marketing survey conducted by questionnaire in the first half of the year 2011. The secondary data were drawn from the information provided directly by Danone company, from interviews with company managers and from available internet resources. The obtained data were processed by using several methods such as method of comparison when comparing the examined data.

The existence of dependence was verified by using the chi-square test. The criterion for verifying the null hypothesis (H_0), independence of the relationship between characters, was the relation as follows (1, 2):

$$\chi^2 = \sum_{i=1}^{T} \sum_{j=1}^{C} \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$$

(1)

where:
T - category of the first character,
C - categories of the second character
Oij - empirical frequency in the i-th row and j-th column
Eij - theoretical frequency of the i-th row and j-th column.

Theoretical frequency Eij:

$$E_{ij} = \frac{R_i \times C_j}{n}$$

(2)

[3] CHEBEŇ, J. 2008. The Scientific Aspects of Modern Advertising. Bratislava: Economist, 2008, p.300.

where:

Ri = total abundance of the i-th row
Cj = the sum frequency of j-th column
n = total frequency.

H_0 null hypothesis assumes that there is no dependence of the qualitative features, the alternative hypothesis H_1 implies that there exists dependence of given qualitative characters.

If $\chi^2 \leq \chi^2_{tab}$ (where χ^2_{tab} is the table value for (c-1)*(k-1)), we accept H_0 and consider the characteristics on the significance level $\alpha = 0.05$ to be independent.

If $\chi^2 > \chi^2_{tab}$, we accept the alternative hypothesis H1 and consider the observed characters to be dependent.

Preference survey was conducted by using the Kolmogor-Smirnov´s test. Prerequisite for acceptance or rejection of the hypothesis H_0 was to compare the calculated value "D" with tabulated value for alpha = 0.05.

The calculated value "D" is seen in the relation (3):

$$D_{vyp} = \max\left[abs\left(F_i - G_i\right)\right]$$

(3)

where:

Fi = cumulative empirical frequency,
Gi = theoretical cumulative frequency.

Table value „U" (4):

$$\frac{1{,}36}{\sqrt{n}} \quad pre \ \alpha = 0{,}05$$

(4)

H_0 null hypothesis assumes that the respondents had no preference in the selection, the alternative hypothesis H_1 implies that there are preferences of respondents in the comparison of the qualitative characters.

If $D_{vyp} \leq D_{tab}$, we accept H_0 hypothesis, and could be said that on the level of significance
$\alpha = 0.05$ do not exist any preferences when comparing the given qualitative characters.

If $D_{vyp} > D_{tab}$, we accept H_1 hypothesis, and could be said there do exist preferences when comparing the given qualitative characters.

Discussion

Danone Group is a major player on the global market of foods and beverages. Danone operates at four major markets: fresh dairy products, mineral water, infant and medical nutrition and is a world leader in the production of fresh dairy products, the second largest producer of the bottled water, baby food and the European leader in Medical nutrition, as illustrated in table 1 - The Net Income Review in the years 2009, 2010. Sales of Fresh Dairy Products grew 6.5% in 2010, like-for-like, driven by three factors: inroads into new markets, effective innovation and transformation of our relationship with consumers.[4]

Table 1: Net Income Review of Danone Group in the years 2009 and 2010 in million €

Net Income Review	2009	2010	Change
Sales	14.982	17.010	6.5%
Trading Operating Income	2.294	2.578	7.1%
Trading Operating Margin	15.31%	15.16%	3 bp
Underlying Net Income Attributable to the Group	1.412	1.669	18.2%
Underlying Diluted Earnings per Share	2.50	2.71	8.6%

Source: www.finance.danone.com. Available online.

"Danone" brand, which refers mainly fresh dairy products, carries currently 60 % of total net sales of Danone Group. The main products in this product line are advised yogurt and similar products, with total sales was amounted to 8.6 billion € in 2009, which represents approximately 5.1 million tons. Danone Group is a leading producer of fresh dairy products in the world with approximately 27 % share. Advertising and promotion policy of Danone Group is a key element to the success of an overall strategy based on innovation, knowledge of brand and leading position on the market. For several years the company has made a policy to optimize resources, focusing on a few brands to maximize efficiency.

Company Danone Slovakia realizes the impact of advertising on consumer behavior and invests a considerable amount to the media. Analysis of advertising expenditures in Danone company had rising trend from 2004 to 2008. Increasing investment in advertising has stimulated a loss of leadership in the market, introduction of the new brands and products on the Slovak market The situation in 2009 and 2010 was a little different- Capital expenditure in these two years rapidly declined and became a downward trend as shown in Figure No. 1

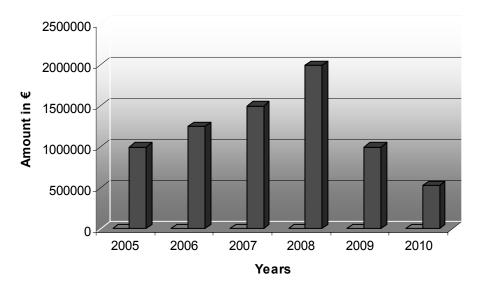[4] *Danone* 2012. Available online: <http://www.danone.com/en/company>

Fig. 1: Development of advertising investment in January 2005-2010
Source: www.strategiehn.online.sk. Available online. Author´s own creation.

Table 2: Expenditures on advertising of Danone in the years 2005 - 2010 (in €)

Month and Year	January 2005	January 2006	January 2007	January 2008	January 2009	January 2010
Amount in Euro	1 095 683	1 288 668	1 697 594	2 215 380	1 180 471	700 803

Source: www.strategiehn.online.sk. Available online. Author´s own creation.

The rapid decline in investment, as shown in Table 2, is due to several factors. The greatest impact on decline in investment had the new lower prices of the products. Nor should the economic crisis played a role. There is an increasing impact of internet as a communication medium, so Danone Slovakia also tries to adapt communication plans for their brands in order to effectively reflect the demands and lifestyle of its consumers. As a result, the company decided to invest 5 to 15 percent of funds reserved for advertising on internet. Danone wants to know the impact of advertising campaigns on consumer behavior, that is why the company tests its advertising campaigns, firstly during its development and later after its launch on the market. Due to the different objectives and methodology of testing, Danone uses services of several research agencies.

The actual market research was conducted through a questionnaire, which was divided into two parts. In the first part were questions designed to identify data about the respondents. The second part of the questionnaire was to analyze the impact of advertising on consumers behavior - the first questions are aimed at the general site of ads, then the rest of questions examines the impact of advertising on consumers in conjunction with the selected company. Research was conducted in January-June 2011.

Based on the analysis of the survey can be said that advertising is an integral part of everyday decision-making of consumers. Most of consumers have mostly neutral

and positive relationship with advertising. Consumers consider advertising an important element of today, and ads positively help them in the buying decisions. Based on the conducted chi-square test, we think that there are significant differences between the impact of advertising on female and male gender. While advertising helps to most women in decisions, men are inclined to believe that advertising does not influence their behavior at all.

Table 3: Test of dependencies between advertising influence and gender of respondents

Advertising influence	Male	Female	Total
Positive	20	43	**63**
Negative	10	11	**21**
Does not influence at all	30	6	**36**
Total	**60**	**60**	**120**

Source: own research

The dependencies between advertising influence and gender of respondents can be seen in Table 3. We can see that advertising positively affect more female than male. Negative impact of advertising is essentially minimal and equal to women and male gender. The realization of chi-square test, we reject the null hypothesis H0, which says that there is no difference between men and women in how they are affected by advertising. This test showed a clear difference between gender and the influence of advertising,

because $\chi2tab = 5{,}991 < \chi2vyp = 24{,}444$.

Detection of preferences by Kolmogor-Smirnov´s test to the question:
"*Which advertising of Danone product you are the most interested in?"* The statistical method was aimed to identify preferences. Specifically, we investigated whether all Danone commercials interested the same respondents, or one of the spots had a greater impact and attracted more than others. Based on the results of Kolmogor-Smirnov´s test can be stated following: since the test characteristic "D" at the significance level alpha = 0.05 is greater than the tabule value "U" (Dchar = 0.3416> = 0.1241 Utab), we reject the hypothesis H_0 and accept H_1 hypothesis suggesting that at least one of the commercials had a greater impact on respondents.

From the analysis of responses to the questions aimed at Danone Slovakia company suggests, that most consumers considered advertising of Danone Slovakia to be sufficiently motivating, and the most important attributes of commercials deemed credible and informative. The most successful advertising campaign in the Slovak market can be considered a campaign for Actimel brand in 2008. The results of the Kolmogor-Smirnov´s test showed that advertising and promoting the brand Actimel had the greatest impact on consumers, most consumers was at least influenced to purchase Actimel or just taste this product.

Positively are seen also the tools of sales promotion such as Danone tastings, discounts, "2 for 1", where the most bought are products Actimel and Activia. Substantial role in sales promotion of Danone products have also promotions that greatly help to positive consumer buying decisions.

As already mentioned above, credibility is one of the most important attributes of advertising campaigns, especially when in ads for the product Activia, Danone company claims its positive effects on digestion. It can be concluded that most consumers are led to believe that the information given by Danone about product Activia is true. Chi-square test verified correlation between age and confidence in the veracity of this information, we confirmed that between age and trust there is a strong dependence.

A survey concerning the 15-days test of product Activia as it was stated by Danone company in its commercials revealed that the majority of consumers are inclined to this test. Using Chi-square test, we examined the relationship between economic status and accession to this test, and we concluded that there is a strong correlation between economic status and the possibility of consumer accession to this test. Decisions about accession to the test of Activia product is largely affected by the economic situation of the consumer.

Conclusion

Based on the analysis of advertising policy of Danone Slovakia company can be concluded that when creating its own strategies, company uses a solid foundation provided by central organization, which are optimized on the base of the product line and geographic location. In implementing the communication strategy applies advertising the most, followed by sales promotion, public relations and direct marketing. Danone Slovakia has active approach in creating advertising campaigns, in order to connect a healthy lifestyle and a message of the campaign into one whole, and invests considerable resources in all types of sales promotion. For the first month in 2010, the company invested funds in the amount of 700,803 Euro to support their products, making it one of the top ten advertisers in Slovakia. It uses the latest progressive forms of advertising such as social networks Facebook and Azet.sk

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Summary

Understanding the basic principles of effective communication with the market and also should focus on creating an appropriate and balanced communication mix. When communicating with customers, the most important is the basic information about the product and its advantages. The basis of good corporate communication mix creates the elements such as advertising, public relations, personal selling, sales promotion, direct marketing and event marketing. These are the tools by which the company Danone seeks to achieve its advertising and marketing objectives. In 2011 Danone came with a new campaign: "Oh la la Danette!" pointing at French recipe and delicious taste of this product. Another really successful products of Danone company is Actimel and Activia. Survey prooved, that the ads of Danone company influence more women than men and there is also a strong dependence between age of respondents and trust to the brand. 15 – days test and the decision of respondents about accession to the test of Activia product is largely affected by the economic situation of the consumer. Most of the respondents truly believe the information about positive health impact of Activia product on human body as it is seen in ads on TV.

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