



Grameen Danone Foods Ltd: how to deal with children nutrition in Bangladesh

Delve into one of the most popular social business experience

In November, Planète d'Entrepreneurs met Corinne Bazina from Grameen Danone Foods in Dhaka, capital of Bangladesh. Our team had thus the chance to learn more about the model and the challenges of the emblematic first multinational social business everyone knows.



Reminder

This big adventure started in 2006 when the French dairy company Danone and the Grameen Group led by Dr. Muhammad Yunus signed a joint venture whereby a social business was created with an initial capital of less than \$1 million. At that time, Dr Yunus and Groupe Danone CEO Franck Riboud had one objective: *“To bring health through food to the largest number of people in Bangladesh”*. The idea was to use the resources and expertise on nutrition of the French food corporation to improve the basic food needs of poor Bangladeshi children living in remote areas.

Shakti Doi

To meet the nutritional needs of children suffering from a lack of micro and macro nutrients, Grameen Danone Food Ltd created a yogurt, called Shakti Doi (which literally means “Power Yoghurt”) made

from pure cream milk and fortified with special vitamins and minerals.

The yogurt is manufactured in Bogra (230 kilometers north of Dhaka) where the initial factory was set up. To stay affordable to the poorest families, the Shakti Doi was originally priced at 5 Bangladeshi Takas (€ 0.05). However, 2008 global food crisis increased the price of the yogurt from 7 to 8 Takas, depending on its sales points.

Distribution Model

To reach its end-customers, Grameen Danone has built an innovative supply chain and become the pioneer of last mile delivery in rural areas. First of all, the social business employs about 19 rickshaw-van sellers who come every morning to the factory to pick up the yogurts which are stored in small fridges fixed on their vans. These local distributors called the “RVS” are then in charge to deliver the yogurts in some villages to women sellers called “the Shakti Ladies”. Each RVS supervises about 20 ladies who cover 4 to 5 villages each.

The Shakti Ladies network is the major force of Grameen Danone distribution channel since they are able to reach the most isolated customers. Carrying the yogurts in isotherm bags, the 821 ladies walk every day from door to door to sell it to villagers or local shops. To create incentives, each lady receives a 1.3 Takas commission (out of 7 Takas) for each yogurt sold.

No profit, no loss

Thanks to this ingenious system, more than 100 000 yogurts are sold in the whole country every day. Grameen Danone relies on several sales points: from households near the factory and small market shops to urban stores in Dhaka. The majority of the sales come from small street stalls but other profits are generated by urban modern stores sales where the Shakti Doi is sold at a price of 12 to 15 Takas.

But if Grameen Danone Foods Ltd is said to be a true social business, it is because primary social objectives come along with self-sustainability. Instead of benefiting the shareholders, the profits are reinvested into the expansion of the business, and especially to create new opportunities for the welfare and development of local people.

Local empowerment

In many ways Grameen Danone creates a lot of employment opportunities. First, every raw material is sourced locally: the milk, the sugar and the date molasses come from surrounding farms, providing local producers with regular incomes, as is the case for the employees of the factory.





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The distribution model involves a lot of people as well, from the RVS to the Shakti Ladies or the shops owners, helping them to improve their standard of living and creating even more social impact. Today, the Shakti Lady's average monthly income for this part-time job reaches 1350 Takas (which amounts to 1000 yoghurts sold per month).

Raising awareness

To understand and promote the benefits of the product, all these local distributors are given a free training by Grameen Danone staff. Most of the covered areas are managed by "Regional Officers" in charge of the RVS and ladies' recruitment plus coaching. Indeed, training is the very key for them to raise people awareness.

Grameen Danone also trained people to perform events and small shows to make the yogurt more attractive to ey for children and get parents aware of "pusti" (which means nutrition) issues. Some students are in charge of explaining with simple words the benefits of the yogurt on children health. In 2011, 3000 mini-events have been performed in the streets, making the Shakti Shingho (the lion mascotte) very popular in Bangladesh!

Long-term vision

Today, Grameen Danone Foods has to cope with several challenges to scale-up and reach its objective of 50 additional dairy plants over the 10 next years in rural areas.

Production capacity

First of all, the social business has planned to enhance the daily production capacity of its factory. From 3000kg of yogurts in 2006, it should reach 10 000kg and beyond in the next few years. The final goal is to cover much more remote areas in the country and increase livestock farming and employment in local communities. Some support is also given to local milk and date molasses producers for them to improve their daily production and become more independent from local middlemen.

Quality

One of the main objectives for Grameen Danone is to ensure the quality of its yogurt from the factory to the end-customer. Storage is, for instance, one the main issue faced since the product shelf life is 6 days. Indeed, the social business has to deal with expiration dates, electricity shortage, fridges cleanness etc.

Accessibility

As seen before, there is a crucial need for Grameen Danone to adapt to its local environment, which is quite challenging in such a country with impassable roads, rainy seasons, conditioning issues etc. But the more the business managers will rely on local people, the more they will have a chance to get wherever they want. To become even more accessible, Grameen Danone has experienced a partnership with the French NGO CARE. The Shakti Doi has become part of the basic range of products the 2000 "CARE ladies" distribute all over Bangladesh in small baskets.

Affordability

From the maintenance of the factory to the shops delivery, Grameen Danone supports many fixed costs and still works on it to become profitable. With a breakeven expected in 2014, the social business will stabilize the price of the yogurt, and develop other less expensive products in order to reach the very bottom of the pyramid.



Acknowledgments

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Further readings

If you want to learn more about Grameen Danone Foods Ltd, go at <http://www.danone.com/en/what-s-new/focus-4.html>

You can also get more details about Danone initiatives through the website of Danone communities at <http://www.danonecommunities.com/en/node/123>