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# CSR ЯК ЕЛЕМЕНТ ОРІЄНТОВАНОГО НА ВАРТІСТЬ МАРКЕТИНГУ. ВПРОВАДЖЕННЯ КОРПОРАТИВНОЇ СОЦІАЛЬНОЇ ВІДПОВІДАЛЬНОСТІ У DANONE GROUP у ПОЛЬЩІ

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Системні зміни, які відбуваються зокрема й у Польщі, змусили змінити підхід до маркетингу. Впровадження маркетингової концепції без надання реальної вартості для споживача, беручи до уваги інтереси інших груп чи використовуючи традиційні засоби маркетингових комунікацій, для певних груп стає недоцільним. Визначено маркетингову концепцію, деталізуючи її з точки зору інструментарію та цілей, представлено концепцію орієнтованого на вартість маркетингу і його специфіку з використанням прикладу — надання вартості впровадженням концепції корпоративної соціальної відповідальності.

Ключові слова: CSR, маркетинг, орієнтований на вартість.

## CSR AS AN ELEMENT OF BASED-VALUE MARKETING. IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY BY THE DANONE GROUP IN POLAND

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The system changes, including in Poland, have forced a change in approach to the market. Implementation of the marketing concept without providing real value for the customer, taking into account other interest groups or using traditional media is becoming – at least for certain groups of consumers – obsolete. This article presents the definition of the marketing concept, narrowing to its determination from the perspective of the tools and its goals, presents the concept of value-based marketing and its specificity by presenting as an example – delivering value through the implementation of the concept of corporate social responsibility.

**Key words:** CSR, based-value marketing.

**Problem formulation.** The idea of Corporate Social Responsibility (CSR) is well-known in the entire world and has marked its presence in all of the responsible business activities. In many places there appeared initiatives which engage leaders of business, non-government organizations and state

administration as well. The sector of business, which main objective is to obtain profits, undertakes activities on behalf of its own shareholders and communities, considered not as costs but investments. Such an attitude provides reaching a goal, meant as taking care of all of the interested parties and consequently, the success of the certain firms.

Today's customers are not limited to the purchase of goods and services, but are involved. They want to be truly informed, treated by company as a partners, in relation to which companies act responsibly. At the same time they remember that they are members of the larger community whose elements are also companies.

Analysis of current research outputs and publications. Problem of value-based marketing discussed in this article is a relatively new problem. The most famous publication is: P. Doyle, *Value-based Marketing. Marketing Strategies for Corporate Growth and Shareholder Value*, (2001). The first definitions of value-based marketing has the works of Ph. Kotler et al. (2002), including K. Keller (2002). Selected problems of value-based marketing are presented in many publications, including the: H. Howaniec, W. Waszkielewicz (eds.), *Value-based marketing – selected problems*, (2013).

**Article objectives.** This article aims to formulate the definition of value-based marketing, to distinguish it from other marketing concepts, identify the nature of the value-based marketing and presentation of its implementation on chosen example with particular emphasis on CSR activities as a part of the marketing of companies.

#### Presentation of main materials.

#### 1. The notion and types of marketing concepts

The idea of the marketing concept is not a new, was created in the 50's. At the time P. Drucker in his book "Practice of Management" said, that the main aim of the company is to create customer satisfaction, and profit is the result better than the competition to meet the needs of the buyer [1, p. 80]. Marketing concept should be understood as a management philosophy based on the general acceptance by the organization of needs of customer orientation and recognition of the validity of marketing in communicating the needs of the market in all the activities of the company [2, p. 51]. Similarly, the marketing concept defines Ph. Kotler, according to which it implies recognition by the organization the needs and desires of your target market and adapt to them by delivering the desired satisfaction more effectively and efficiently than the competition [3, p. 218]. The purpose of the marketing concept – in this approach – should be customer satisfaction and its mainstreaming in all activities of the company. This does not mean, that every activity of the organization must be completely subordinated to marketing and of that satisfaction. Managers should make important decisions with taking marketing implications into account.

Of course, cannot speak of uniform concept of marketing. Over the years marketing concept strongly differ between decades, which exhaustively presented Ph. Kotler, identifying the most important stages in the development of marketing, taking as a criterion for the allocation caesura time.

The development of the marketing concept is clearly visible also in the tools and goals that put and committed to modern marketing. In such an approach can be distinguished:

- mass marketing,
- marketing based on segmentation,
- relationship marketing,
- value-based marketing.

Mass marketing is to treat customers as a homogeneous group and is to offer uniform product for all the market. The basis of compliance with the requirements and expectations of customers is the profile of the typical consumer. The purpose are the benefits that result from this approach, namely to reduce costs as a result of mass production, mass distribution and mass promotion, which usually translates into the ability to offer competitive pricing and implementation of a relatively high profit margin. An example of implementing this marketing concept is the Coca-Cola Company.

Marketing based on segmentation is based on the separation of homogeneous groups of consumers, differing from each other reactions to the product and the various marketing tools and leadership to their various marketing activities. The basis for tailor their offerings are the characteristics and requirements of different consumer groups. The aim of this approach is to notice the diversity of consumers and its inclusion in the design of marketing tools and the impact on the market, which translates into more efficient customer service. Depending on the pursued strategic aims as well as financial capabilities, companies can also decide on the number of supported segments, thus limiting the scope of the market, expenditures and the number of competitors. Targeted marketing is widely used by manufacturers of consumer goods and services, including for example, the car companies.

Relationship marketing is to identify and service selected customers with whom the company builds strong – based on trust – the economic and social relationships. Means to establish direct contact with the customer, which are planned for individual marketing efforts, the company not only carries the expectations of the client, but together with the customer, is planning its development, adjusting its own production and market programs. The purpose of this marketing concept is implemented to increase customer loyalty and transaction value over the long term while reducing the costs of promotion and service.

Value-based marketing is to take in the strategy of service of market the widely understood, subjective enterprise environment, i.e. shareholders and stakeholders and responsible approach to all these groups, by creating – desired by their – values. The aim of this approach is to achieve and maintain loyalty through a wide concern for the needs, development and environment of client.

#### 2. The genesis and approach to based-value marketing

The first definitions of value-based marketing can be found in the works of Ph. Kotler et al. [4, p. 47-48], including K. Keller [5, p. 6]. A first publication dedicated to entirely to this subject is the P. Doyle's book, "Value-based Marketing. Marketing Strategies for Corporate Growth and Shareholder Value, "published in 2001 (in Poland P. Doyle's book was published in 2003).

According to P. Kotler, in accordance with the based-value marketing concept, the company should direct most of its resources on marketing investment creating value. The Author states that many of the activities of the marketing – one-time sales promotions, small changes in packaging, advertising pompous – can boost sales in the short term, but adds less value than it would make a real improvement in the quality, performance and convenience features of the product. The aim of value-based marketing is to build long-term loyalty of customers by continuously increase the value that the customer receives from the offer of corporate marketing [4, p. 47-48].

P. Doyle's book regarded as a breakthrough. No one had so clearly did not represent the impact of marketing on the real value generated for shareholders. Earlier publications describing marketing does not devote much attention to the creation of revenue through this area. The literature on the creation of goodwill – devoted little attention to marketing activities. Meanwhile, P. Doyle joined both these areas and try to identify how the marketing budget can contribute to the growth of the company and the generation of profits in the future.

Peter Doyle defines value-based marketing as the management process that seeks to maximise returns to shareholders by developing and implementing strategies to build relationships of trust with high-value customers and to create a sustainable differential advantage [6, p. 84]. The term high value customers refers primarily to those customers who sustain the company. According to P. Doyle marketing is not an area to create cost – how often it is seen by the company – but factor in creating value. The aim of marketing is to support efforts to maximize shareholder value. And core resources, on which it should be based marketing of modern company is in the meantime: brand image, loyal customers and relationships with customers.

Ensure a balanced, sustainable, value-based, development of enterprise, leading to a market advantage, however, requires consideration not only the needs of its clients, but also other groups, which remain in the environment of the company, such as suppliers, employees, businesses, the media, public administration and the local community.

The characteristics of the development of marketing concepts in view of the tools used and the put targets are shown in Table 1.

## The characteristics of the development of marketing concepts in view of the tools used and the put targets

Marketing strategy	Mass marketing	Marketing based on	Relationship	Value-based
		segmentation	marketing	marketing
Goals	Range of influence	Gaining of	Gaining and	Creating of value
	Brand awareness	customers	maintaining of	Gaining and
	Share of the market	Customer	customer loyalty	maintaining of
		satisfaction	Participation in	customer loyalty
		Create loyalty	customer	Development of
		Share of the market	Development of	client
			client	Social
				responsibility
Nature of marketing	Universal	Tactical	Strategic	Responsible
activities	Impersonal	Related	Based on the	Addressed to all
	Passive	Dynamic	cooperation	stakeholder
			1:1	groups
Communication	Unilateral (to the	Bilateral	Individual	Based on the
	client)	Transactional		interaction
Media	Chanel of mass	Selective promotion	Personal	Social Media
	communication	Selected channels,	Providing real-time	Allowing
	Mass advertising	effective from the	responses	interaction
		point of view of	Internet (e-mail)	between all
		selected segments	Fax	interested groups
		Call centres	phone	On-line services
			Meeting face to face	Social networking
				sites
				Social virtual
				worlds
Indicators	Based on the	Based on	Based on individual	Based on an in-
	demographics of	demographics of	behavioural studies	depth study of
	mass	segments	Knowledge of	behavioral
	Market research	Market research	"customer value"	Research the
	Product profitability	Profitability		reputation of the
		campaigns		company
		The level of		Brand image
		customer retention		

Source: prepared by the author, inspired by: [7, p. 424].

## 3. Corporate Social Responsibility as an element of value-based marketing – definitions of terms

Main targets of present firms are [8, p. 260-265]:

- 1) magnification of profits,
- 2) obtaining the highest position, which is measured by high market value of these firms.

Since the evaluation of stock market value of the company is measured by prices of its shares, the investors play the main role in obtaining above-mentioned goals. Therefore, the most essential measurement of success or defeat of the firm is the price of its share, not the real profits it brings.

The basic idea of creating value for stockholders is built on assumption that a particular firm determines gathering capital supplies owned by the stockholders. This results in treating the firm as an outcome of contracts signed between the shareholders and managers [9, p. 214-215]. Its task is to manage the property of its stockholders wisely and consequently bring profits to its owners [10, p. 8-30]]. In order to achieve these aims the personnel managers should focus on two principle targets [11, p. 9-12]:

- 1) generating optimum level of dividend payments profit for stockholders,
- 2) magnification of the market value of the firm.

Competitive to above-mentioned idea of the firm value is a concept of groups of business [12, p. 5]. It assumes, that firm does not serve stockholders exclusively, but also other groups of business, for example, constituting of: workers, firm customers, tradesmen. According to this, an idea of business is treated as an integral part of society, and not as separated sphere of clearly economic character. Therefore, the aim of the firm should be to deliver profits to all shareholders, that is to say to equalize interests of all shareholders and activities in business of all interested groups

Generally, groups of business divide into: internal ones, which can occur in particular departments, in various geographical locations, on different stages of hierarchy etc.; and external ones, which are for example: customers, tradesmen, banks, professional relationships, state departments. We can also note division within groups of business into basic and secondary ones, with their social and beyond-social influence on the organization.

Taking into account above classifications, we can accept that the environment of firm consists of such groups of business as [8, p. 260-265]:

- customers, who look on firm by the prism of its market activities, brands, products, services, prices, promotion, publicities etc,
  - workers, who are concerned with work conditions,
- tradesmen, who count on honesty in cooperation and possibilities of common development of business first of all they are interested in the rate of profits of cooperation, coming certainty from orders,
- media, which evaluate the firm by the prism of social business and administration personnel activities,
- public administration, which perceives the firm as a subject creating work places and paying taxes,
- local community, which counts on responsibility in performance, regarding not only conducting economic activity, but social and charitable as well.

Accordingly to this idea, part of business does not exclusively rely on generating profits, but acts with understanding of its obligation to fulfill expectations of the firm environment and equalize groups of business involved.

Corporate Social Responsibility (CSR) is defined as: (1) philosophy of doing business, taking account of building a stable, transparent relationship with all stakeholders, leading the company to achieve competitive advantage [13, p. 3]; (2) effective management strategy in enterprises, which contributes to the competitiveness of enterprises, building the reputation and development of favorable conditions for social and economic development [14, p. 54]; a concept whereby companies voluntarily take into account social and environmental protection in their strategies and activities and dealing with stakeholders [11, p. 9-12].

According to the concept CSR a corporation is seen as serving the interests of a wide group of actors co-create it [15, p. 110], and its stakeholders as partners who collaborate with the company, creating both social and economic value [16, p. 27-42]. The parties interested in the activity of enterprises include: customers, employees, suppliers, media, public administration and the local community [8, p. 260-265; 17, p. 20]. The role of the business doesn't consist solely to generate profits, but is a service within the meaning of duty serve the needs of business environment and balancing the interests of groups that operate in it. The company in addition to business objectives, in its strategy should include equally social goals and environmental protection.

### 4. Implementation of the concept of Corporate Social Responsibility by Danone Group in Poland

One of the most famous enterprises, who realise the CSR concept is Danone Group. Danone's beginnings date back to 1919, when Isaac Carasso – based on the collaboration with the Institute of Paris – began production of fermented milk products. The first Danone yogurts as were sold in pharmacies in Barcelona [18].

In the Polish market, the Group operates from over 20 years. Initially (1990) Danone products were imported. In 1992, it was decided to start production in Poland. Group's first factory was located in the Warsaw. Another factories operating on the Polish market are located in Bieruń, Opole, Krotoszyn, Cięcina, Jeleśnia and Mirosławiec [19].

Brands belonging to Danone Group are highly valued and are often among the most valuable brands in the world. For example, on the water market the brands belonging to Danone Group's occupy leading positions: Evian -1 place (value \$ 713 million), Volvic -5 place (\$ 423 million), while contributing to the growth of value of the whole group [20, p. 22].

Group Danone is the owner of many brands (including Danone, Danacol, Nutricia, Zywiec Zdroj). All their products are created to meet the needs of the consumer, often overtaking them. Decisions on the composition of the product are based on local research in the nutritional needs of the countries in which the company operates. For example, in Poland "Danonki" (cheese for kids) enriched with calcium, vitamin D, since studies have shown of deficiencies those elements in the diet of children. In turn, Mexican's variation of this product was enriched in zinc and several vitamins [21, 61-71].

Since 2007. Danone put information about Guideline Daily Amounts (GDAs) essential nutrients on the products. In this way, consumers:

- know the value of the amount of energy and selected nutrients in one portion of the product,
- are aware of what percentage of the GDA component provides a portion of our product,
- can better match of purchased products to the dietary recommendations,
- can more consciously to make food choices.

Group also has a consumer service and call center, and regularly conducts customer satisfaction surveys.

For the sake of proper quality of products at factory Danone Group has implemented the HACCP system (Hazard Analysis and Critical Control Points). In all factories in the world Danone spaces Danone Quality Charter, which sets the highest standards for safety and quality. In addition, the company has created its own special program for product quality and safety and the environment (DQSE), which covers all milk suppliers, providing quality assurance throughout the process of product creation: from the farm, from which the milk to the factory.

Group also carries out developed cooperation in the area of quality assurance with its suppliers, which include:

- regular planned audits, conducted in each of the supplier;
- problem audits, carried out if suppliers have technical or qualitative problems;
- he balance of quality, prepared for all priority providers, which are key raw materials and packaging suppliers whose products have a significant impact on the quality and safety of the Group's products. The balance shall be made once per quarter;
- qualitative meetings, the frequency of which is determined depending on the type of provider and weight problems, but not less frequently than once a year;
- continuous technical cooperation the technical visits of suppliers in Danone's factory in the event of a quality complaint or technical modifications of supplied materials or packaging.

In order to maintain steady and rapid contact with suppliers, the company runs a website where they can login to find current information about the results of the quality of milk delivered, invoices and payments. In addition, site provides news related to the milk market, including legislation, information about the risks, information on feeding cattle, also includes a Best Practice of Milk Producers. Service by providing the necessary information facilitates the daily work of both: providers and a company, that can quickly convey important messages to a particular supplier, essential for the quality of the product. According to the company in 2009, this program has benefited more than half of the suppliers.

The company puts a lot of effort into improving workforce satisfaction. From 1 April 2011, all employees of Danone on the contract of employment are covered by private medical care. Employees may

also purchase additional services: care for loved ones, and dental care. Thinking about people who are in a very difficult situation and it is necessary to the health of their hospitalization, Hospital Fund was started. It will fund the operations that cannot be made under the National Health Fund or where the waiting period is too long and there is a real threat to life and health of the worker.

Introduced facilities for pregnant women and young mothers who may benefit from one additional month of leave and the six-hour working day for the first 2 months. Newborn children of employees receive gifts in the form of layette.

According to Danone about <sup>3</sup>/<sub>4</sub> of authorized benefited from proposed facilities. These actions help maintain a balance between work and family life, which increases the confidence of employees to the company and their motivation [22, p. 24].

Danone Group is involved in problems that affect the communities in which it operates. An example would be the program "Share a meal" in the fight against child malnutrition in Poland. To continue to promote the campaign, the company decided to take the action on Facebook and in September 2009 launched an information campaign program, in which for every two people that joined the application founded one meal for the children. The aim of the project was to get 20 thousand users and therefore donating 10 thousand meals, but also to raise awareness of Internet users about the problem of malnutrition. The interest was so great, that goal has been reached after 4 weeks. The company decided to increase the pool of up to 15 thousand meals [23, p. 19-71].

The company attaches great importance to environmental protection, among others through conscious and responsible use of resources and the segregation of packaging materials. A good example are eg Danone yogurt container in which you can separate the components used (metal lid, plastic cup and a cardboard label), which makes it easier to be segregated and recycled.

Examples supporting the creation of value by the Danone Group for the various interest groups is many. The Group is aware of its role in society, which in no way limited to the realization of profits. The company's mission is "... to be the most trusted, responsible and raising the value of life a nutrition brand, chosen by consumers every day" [24].

Conclusions and perspectives for further research. Changing competitive conditions (evolution of client, contractors, increased involvement of groups indirectly related to the individual companies) led to the development of the concept of marketing. Companies today operate in a complex environment and are increasingly forced to take into account the interests of all groups in its environment. In addition, the strong pressure from shareholders to rationalize expenditure and increase the return on invested capital forcing companies to cost-benefit analysis of actions taken, including the evaluation of marketing strategies for creating value for investors.

This all means that it is necessary to reformulate the existing approach to the formulation of marketing strategies. The concept of relationship marketing – especially from the point of view of the customer who is interested in the interaction in real time – is insufficient. A solution might be, taking into account the wider responsibilities and creating real benefits for all stakeholders – value-based marketing, based on the long-term, mutually beneficial relationships, strong, responsible brands and high involvement, loyal customers. This type of marketing is the key to ensuring consumer satisfaction and long-term prosperity and long-term profitability of the company.

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