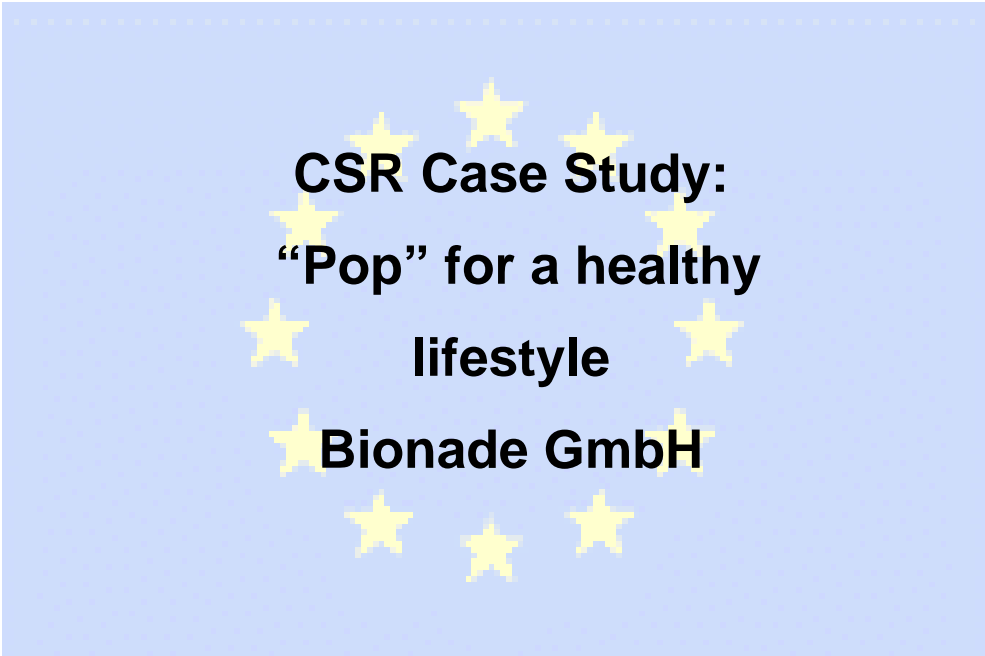




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**CSR Case Study:  
“Pop” for a healthy  
lifestyle  
Bionade GmbH**



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## CSR focus

Social responsibility with ecological products.

Thanks to successful differentiation, from eco-niche product to a cult drink for all.

## Company

Bionade GmbH, a family business with its registered office in Ostheim v.d. Rhön and about 100 staff, produces and sells alcohol-free soft drinks under the BIONADE brand. BIONADE is the first alcohol-free soft drink in the world that is produced purely organically without added sugar and without artificial colourings, flavourings or preservatives. The product is available in the following flavours: ginger, elderberry, herbs and lychee. The firm's core competency and uniqueness is in the direction of purely organic production by fermentation on the brewing principle.

Founded in 1995, today Bionade with its turnover of 70 million bottles (2006) is one of the leading soft drink manufacturers and is currently in fourth position in the market behind Fanta, Sprite and Sinalco. Its growth rate is currently about 300% p.a.

[www.bionade.de](http://www.bionade.de)



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## CSR-related certifications and memberships

- Completely Organic Business in accordance with the EU Eco Regulation
- Partner firm Biosphärenreservat Rhön (Rhön Biosphere Reserve)
- Member of the Interessengemeinschaft für gesunde Lebensmittel (Healthy Food Interest Group, under development)



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## CSR in practice

- CSR strategy

BIONADE has clearly set itself apart from the competition with its differentiation strategy in the existing business sector of soft drinks by recognising ecological and social problems as an opportunity and has made an appropriate solution to the problem marketable with the BIONADE product. This has created an entirely new area of business which clearly distinguishes it from the rest of the competition. Bionade has achieved this by improved and innovative product characteristics such as for instance a new taste, individual bottle design and the purely organic raw materials and ingredients. So Bionade is the first company in the world to supply soft drinks of organic grade and to do so at a comparatively inexpensive price. This allows a wider range of customers to be targeted. The ecological added value is communicated in a credible and transparent fashion with the “BIO” seal on the bottle.

The original idea for Bionade begins with the question: “How should a soft drink be if it is to be drunk mainly by children and teenagers?” The reply by the inventor of Bionade is initially simple and it is: no added preservatives, acids, colourings, stabilisers, sweeteners, flavourings identical to natural substances or other chemical substances.

The result of nine years of research on the original question is in the end an alcohol-free soft drink which is produced organically from natural substances and without chemical additives in a similar way to beer produced in



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accordance with the Reinheitsgebot (German Beer Purity Law). Following the brewing principle i.e. fermentation of water and malt, in a special process the maltose for BIONADE is not converted into alcohol but into gluconic acid. Then minerals in the form of calcium and magnesium as well as natural essences from fruits and herbs are added. All the raw ingredients are of ecological grade.

A non-ideological organic product for all consumer groups makes a contribution to healthy nourishment and meets the requirements of

- healthy foods that are produced from pure natural products without chemical additives,
- mass-market goods with a high mineral content,
- alcohol-free, low-sugar drinks for children and teenagers and
- drinks for sportspeople that improve performance and at the same time maintain health.

Its broad appeal and effect also results from the combination of ecology, taste and design.



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- CSR development

As a niche supplier BIONADE has risked market entry into the competitive sector of soft drinks via sales in healthfood shops, sportsgrounds and health resort clinics. It was not until the Hamburg party scene discovered today's cult drink for itself in 1999 and the press noticed the product that the breakthrough came for the firm. Bionade made the jump from the eco niche to the mass market. In a current context of growing consumer environmental and health awareness, Bionade has succeeded in bringing this innovative product to the market at the right time and at a competitive price that is acceptable to a wide range of customers.

Headlines in the national media reveal the increased public interest:

“Cult Drink of the Hanseatic Elite Overnight” (Braumanager),  
“Super-Healthy Addictive Drink” (Neue Presse Hannover),  
“Magic Drink from the Rhön” (Manager Magazin),  
“Pop instead of Beer – Cheers!” (Frankfurter Allgemeine Sonntagszeitung),  
“Pioneers of the Vat” (Süddeutsche Zeitung) etc.

BIONADE's success is growing with the intense media reporting. The original sales to sportsgrounds, health resort clinics and in fitness clubs are continuing in a rather faltering fashion while the discovery in the Hamburg scene led in 1999 to the sale of almost 1 million bottles. Since then volume has been growing unchecked: it was 70 million bottles in 2006.



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This success in the mass market comes only with the eco niche breakthrough. Organic for all – not just organic supermarkets, natural food shops and health-food shops – is the word. So BIONADE can be a popular drink and an “in” drink at the same time, a drink which you can find in the catering sector and in retail grocery stores.

- CSR projects

With its consistent ecological orientation, CSR is, so to speak, part of the genetic makeup of the Bionade product. Organic ingredients and production methods create credibility, appreciation, trust, identification and loyalty.

The philosophy of ecological and economic use of all resources is expressed in the following activities:

- the firm’s own springs with spring water from the Rhön
- the firm’s own organic waste water treatment unit
- the firm’s own biogas unit to supply its own energy (under development).

The partnership in the Groundwater Protection Initiative in Lower Franconia, a brochure for children entitled “Contribution to Healthy Eating” (being produced) and selected event sponsorship (e.g. Jugend trainiert für Olympia [Youth training for the Olympics]) supplement the CSR measures.



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## CSR benefits

Thanks to the successful differentiation of the company, the entire supply chain benefits.

The benefits that arise from the commitment to this ecological product are therefore

- to the customers,
- to the community
- to the company.

The benefits to the customer and society are to be found primarily in healthy nourishment that tastes good. Honesty with the customer is also shown by the inexpensive product price. Bionade offers ecology for all without an ideological background.

In the Rhön region with its structural weaknesses, this company is creating new prospects for agriculture. Whenever they are available, the organic ingredients are not transported from remote countries thousands of miles away but from the surrounding region. With the support of the Bavarian Minister of Economics and with the “Bio-Landbau Rhön” (Rhön Organic Agriculture) project, they are aiming to persuade as many locally-based businesses as possible to convert their operations to ecological agriculture and to deliver raw ingredients for Bionade long-term. Bionade has offered to take 100 percent of the harvests of organic malting barley and organic elderberry. Organic elder as a cultivated plant is being grown in the Rhön-Grabfeld region for the first time and it provides farmers with a new market. 70 hectares for cultivating organic elder and





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150 hectares for growing organic barley are estimated to be involved in cooperative arrangements with farmers, the Farmers' Association and the Biosphere Reserve (UNESCO).

With its alcohol-free organic drink Bionade is setting a trend and with a current growth rate of 300% p.a. it is producing the fastest growing soft drink product on the market. Currently number 4 in the German pop market after Fanta, Sprite and Sinalco, this most successful newcomer sees itself soon reaching second place. Bionade is building itself a monopoly position as the only fully certified soft drinks manufacturer.

Thanks are due to Bionade for providing us with information and text for publication.



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## Tasks

Work out

1. the business arguments i.e. the link between the benefits to the firm and to society,
2. the strategic approach i.e. the link between the CSR strategy and the company strategy and
3. the communication approach i.e. the use of formal and informal communication channels.

II.

1. What other CSR activities would you recommend to this company for a comprehensive CSR concept?
2. Where is there potential for improvement in the CSR communication?