

# Red Bull®



## *Case study*

### *Introduction*

Red Bull is the most popular drink in the world. The market share of the Red Bull is 71% of the world market of energy drink. Red Bull produces the world's leading energy drink. More than a thousand of the million cans years are sold in nearly 100 countries. Its dominant position in the fastest-growing segment of the soft drink market in a number of countries has drawn a number of imitators. Red Bull has become a case study in successful guerrilla marketing in the United States and United Kingdom. Targeting at hip young people with active lifestyles, though the formula began as a popular energy drink for blue collar workers in different countries like Thailand. Red Bull claims to Increase performance, Increase concentration and reaction speed, Improve vigilance, Improve emotional status, Stimulate metabolism.

### *History*

It is the adoption of Thai energy drink which translated into Red Bull. The founders of the company were Thai national Chaleo and Austrian national Dietrich. Chaleo is holding 51% of the share and Dietrich is responsible for the operation of the company. Irrespective of Red Bull if facing criticisms that it has possible health risk, it is aggressively advertised through marketing and different youth tournaments. The slogan of the Red Bull shows the clear segmentation of the Red Bull that Red Bull is targeting the young's. The slogan of the Red Bull is It Gives You Wings. Red Bull began a revolution in the market of energy drinks.

In 1982 Austrian Dietrich Mateschitz developed an energy drink. After that he visited Thailand and found the local energy drink he mixed that drink with his drink. At that time both of partners decided the shares ratio. 49% of shares were given to Chaleo and 2% shares were given to Chaleo's son but decided that the company will operated by Dietrich. At the same time both of partners founded Red Bull Gmb H; each investing \$500,000 of savings and

taking a stake in the new company. The combination of both products was launched in 1987. The first foreign market of the Red Bull was Hungary in 1992. In UK it was introduced in 1994. But before launching in Europe they altered ingredients according to western taste. They added some ingredients in the Red Bull, like vitamin B, caffeine sodium, and glucuronolactone. It was launched in us in 1997 and in the Middle East it was launched in 2000. 2002 was a new year for Red Bull. In 2002 they opened regional headquarter in Dubai.

Now the Red Bull is working in 60 countries and expanding its activities more and more. In 2003 Red Bull introduced Red Bull sugar free.

In 2008, the most famous magazine Forbes declared the founder of the company as a being 260 richest person of the world. As Red Bull is a privately owned Austrian company of Dietrich Mateschitz. Since introducing Red Bull in 1987, Mateschitz has invested heavily in building the brand. In some countries, Red Bull is enjoying 80% market share. In the U.S, Red Bull enjoyed a 47% share of the energy drink market, and the sales are growing annually at 40%. It is the most popular world in the world that more than hundred of the drinks tried to copy Red Bull. Marketing of Red Bull and position of Red Bull in the market limited the new entry of new rivals. The in the promotion of Red Bull, slogan of Red Bull was that it increases the stamina and brain concentration, and it was the basic formula that made the Red Bull famous and it got huge appreciation from drivers specially long distance drivers.

*"In terms of attracting new customers and enhancing consumer loyalty, Red Bull has a more effective branding campaign than Coke or Pepsi. Red Bull is building a beverage brand without relying on the essential equipment of a mass-marketing campaign. Perhaps the indispensable tools of marketing aren't so indispensable after all."*

**- Nancy Koehn, Professor of Business Administration at Harvard Business School, in 2001.**

### ***Mission statement***

*"We are dedicated to upholding Red Bull standards, while maintaining the leadership position in the energy drinks category when delivering superior customer service in a highly efficient and profitable manner. We create a culture where employees share best practices dedicated to coaching and developing our organisation as an employer of choice."*

[http://wiki.answers.com/Q/What\\_is\\_the\\_mission\\_statement\\_of\\_Red\\_Bull](http://wiki.answers.com/Q/What_is_the_mission_statement_of_Red_Bull)

The mission statement of the Red Bull shows its goals and objectives. From the above it is seen that the basic goal and objective of the Red Bull is to maintain leadership in the market and increase market share relative to the competitors. While doing all this Red Bull don't forget the most important dimension of the marketing, the customers. Mission statement shows that customers are most important for Red Bull like other organisations. Red Bull trying to provided superior services in highly efficient manner and besides this they try to earn profit. It is very important that the company must increase the standard of the product with the passage of time and Red Bull is doing the same thing because if we see previous history of the product we can easily conclude that companies who did not maintain the standard of the product they were kicked off. The effectiveness and loyalty of the employees is also a important issue while making the strategy of the company. And professional and skilled employment is important assets for the company. So Red Bull has a keen eye on the training and coaching of the employees. Red Bull is trying to create a culture for the employees so that they can easily work in motivated environment. Red Bull claims to Increase performance, Increase concentration and reaction speed, Improve vigilance, Improve emotional status.

### ***Competitors Analysis***

In many surveys it is said that people use energy drinks for various reasons, athletes use energy drinks to provide some 'fuel' as they practice and compete. On the other side people normally use as a way to become 'energized.' That's about all I know. So be an energetic is a basic point which attracts the customers into the energy drinks.

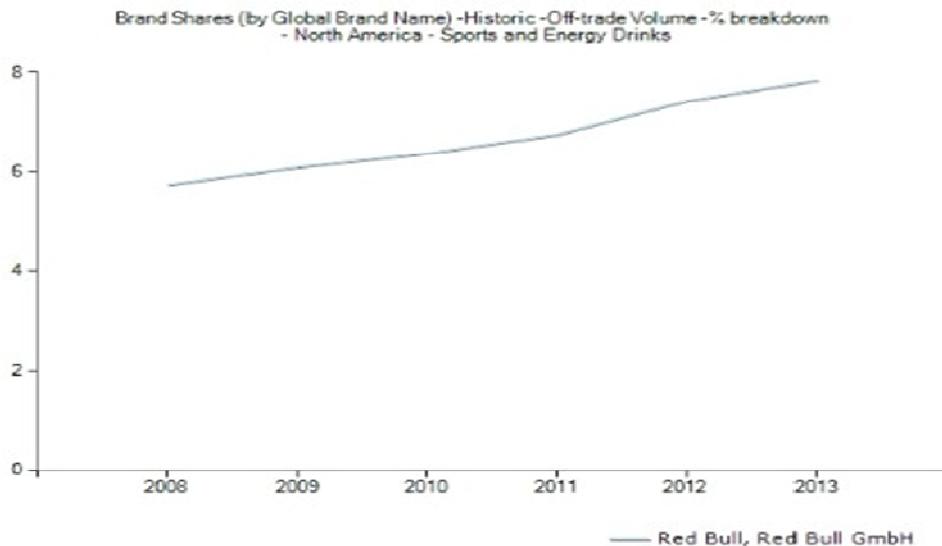
In countries like India and Pakistan, Pepsi and Coca Cola have a hold over other products. They market their products in these countries like war that is way they are market leader in the countries. Pepsi holds the 70% of market shares in Pakistan and in India also. They hire superstars in these countries to promote their product and they have monopoly in distribution

sectors also. Unlike Red Bull they don't hire stars for their promotion, Red Bull hire athletes for their promotion. And the marketing is very weak in third world countries as compare to the rivals. The prices of these products also very low as compared to Red Bull.

Another big competitor of Red Bull in Canada is Slow Cow. Slow Cow is targeting those customers who don't want to take excitement. It has very small amount of caffeine in it. It helps the people slow down when they stressed up unlike the Red Bull contains the caffeine which don't help in stress. Slow cow contains the amino acid which said to produce feeling of relaxation in the brain, without causing sleepiness. It is also said to increase mental awareness and concentration.

Another big competitor of Red Bull is Cott Corporation. Due to its diversifying strategy, Cott Corporation is earning huge profits in the United States, Mexico and Canada. Red Rooster is an energy drink of Cott which was launched to compete with Red Bull.

Some other competitors of Red Bull are like Lucozade, Monster, Relentless, Dr Pepper, Iron bur. All these energy drinks holds different segment of the customers. So Red Bull needs to rebuild its strategy and revise its segmentation in order to compete these markets as well. Red Bull must also develop the strategies for the niche markets.



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## *SWOT Analysis*

<b>Strengths</b>	<b>Opportunities</b>
<ul style="list-style-type: none"><li>• Iconic Brand</li><li>• Industry Leader</li><li>• Brand Recall</li><li>• Entertainment Value</li><li>• Loyal Fan Base</li><li>• Digital Developments</li></ul>	<ul style="list-style-type: none"><li>• Product Line Expansion</li><li>• Skew Demographic Female</li><li>• Unique Packaging</li><li>• Celebrity/Athlete Endorsement</li><li>• Partnership with Alcohol Brand</li><li>• Producing a “Natural” Formula</li></ul>
<b>Weaknesses</b>	<b>Threats</b>
<ul style="list-style-type: none"><li>• Seldom Featuring of Product</li><li>• Connotations of “danger”</li><li>• Bad PR from deaths</li><li>• Male skew</li><li>• Niche market</li><li>• Not recently innovative</li></ul>	<ul style="list-style-type: none"><li>• Non-traditional competitors</li><li>• infiltrating the market</li><li>• FDA regulation</li><li>• More approachable “flavorful”</li><li>• alternatives</li><li>• Cheaper alternatives</li><li>• Health Concious Consumers</li></ul>

## *Critical Review*

In order to maintain the position of Red Bull in global market and increase the shares in different countries the Red Bull must revise its strategy according to new market and competitors. If Red Bull change its strategy like to target the third world countries like Pakistan and India Red Bull can get rid of huge criticism and earn profit beyond the limits. In west the Red Bull has serious challenge of different issues; Red Bull is facing difficulties in order to maintain its position due to health issues and prices of products.

Another big issue of Red Bull in these countries that Red Bull has very small range of drinks and Red Bull is just targeting young man, and they are ignoring huge market like children women old ages. So Red Bull going down from the maturity stage. Red Bull must develop different products in order to meet the needs and wants of customers and different members of society. So it is big advantage for Red Bull is it is already a famous brand and no need of huge investment is required and just to change its strategy and develop different products.

And if we see segmentation of Red Bull, there would be strategy for men women children. So to gain again its position on the top of the market Red Bull must develop its research and development or we can say that R & D dept.

Another big market which Red Bull is ignoring like India, Pakistan, China and whole Africa. No doubt Red Bull holds 70% of market shares of energy drink in United States, but if we see the population of America, it is very small as compared to these economies which I mentioned above. Red Bull has no big structure and development in these countries and it seems like Red Bull is just for its presence not for sale so the structure of Red Bull in third world countries also in declining. In these countries the Red Bull is in growth stage but also in but if Red Bull continuously ignores the strategy it would be declined stage for Red Bull. In these countries the women children are more than men and it would be a big market for Red Bull if Red Bull satisfied need and wants of customers.

The people living in these countries have low income level and their living standard is also low. In these countries the competitors are providing low price drinks as compared to Red Bull that is way they have hold in these markets. Red Bull must develop the products for low income customers or they have to adjust prices of Red Bull according to income level.

### ***Instructions***

Read the text carefully and select relevant information, in order to identify the most appropriate strategies mix for Redbull cans (33 cl). In particular you have to develop the following points:

- Product (attributes)
- Price (values)
- Promo-communication
- Place (distribution)
- Physical Environment (servicescape)
- People (management, culture, customer)