

Red bull's marketing strategy

[Business](#), [Marketing](#)



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Marketing Strategies and product performance: a study on red bull

Executive Summary

A marketing plan plays an important role in building up a successful business. It helps the business in focusing on its objectives and goals. There are several steps that the manager should follow before designing his marketing plan. The first step emphasizes on collecting enough information about both his competitors and the customers so that the most attractive market segmentation will be targeted using the most effective strategies.

This project, with the referential of a case analysis of Red Bull Energy Drink Company, aims to give guidance for the organizations on how to create and sustain certain strategic planning by using the 4 Ps. Moreover, this paper covers the mission, vision and values of Red Bull Energy Drink Company; along with its marketing strategies.

Throughout a SWOT analysis of Red Bull Company, the strengths, weaknesses, opportunities and threats will be identified. In this project, the company's segmentation planning, positioning and targeting; along with evaluation will be covered.

The end of the project will uncover some findings which summarize that Red Bull Company might face some challenges due to growing competition and competition from emerging products, and the demand of new trends. In order to minimize those challenges and their negative effects, the company might adopt the 4 Ps of innovation in their marketing strategies, along with penetrating the market throughout product innovation in order to create a strategic marketing plan. It is also known that improving the used process will lead to a better product; which will consequently result in a better paradigm. The used method in this study is mainly secondary.

Introduction:

An Overview of Red Bull Company: According to Oxford Dictionary (2001), energy drink is “ a soft drink containing a high percentage of sugar, caffeine, or another stimulant, typically consumed during or after sporting activity or as a way of overcoming tiredness”. One of the pioneering energy drinks is known as Red Bull. Red Bull “ is an energy drink sold by Austrian company Red Bull GmbH, created in 1987. In terms of market share, Red Bull is the most popular energy drink in the world, with 5. 387 billion cans in 2013.” Retrieved from [www. redbull. com](http://www.redbull.com) (Dec. 8, 2018)

1485905039360As it was mentioned in the Red Bull official site, Red bull was first inspired by an existing energy drink named Krating Daeng; sold and

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introduced in Thailand by Chaleo Yoovidhya. Dietrich Mateschitz, the owner of Red Bull, was a traveling sales representative when he launched his brand in the year 1987. Red Bull started in the Austrian market, and then spread its wings in the year 1992, and became an international company and brand. Now Red Bull is considered as a worldwide company that sells its products in over 171 countries around the world.

Kallmyer (2015) mentioned that for over decades, Red Bull had relied on their simple product line that included few flavors such as cola or lemon. Later, they took more diverse flavor line to match their competitors, such as Monster. Their lines included Total Zero Orange Edition, Total Zero Cherry Edition, Red Bull Yellow Edition, Red Bull Red Edition and Red Bull Blue Edition. Each edition has its own flavor and formula.

Keller (2009) defines a brand as the “ name, term, sign, symbol, or design or a combination of them, intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of the competition”

Red Bull has built its brand by associating itself with a wide range of people, teams and events. Moreover, Red Bull doesn't simply sponsor teams or events; it rather owns them. That ownership strategy has helped them by turning the buzz machine into a profit center. Also, their on-brand activities have helped them in building their suburb personalities as serious athletes who participate in hard tasks, and the fun, adventurous and humorous that is represented by their popular slogan “ Red Bull gives you wing”, and other advertised funny cartoons found on their website. (Aaker, 2013)

Aaker (2013) added that throughout the years, red bull has widened its horizon by sharing in many overwhelming activities such as wakeboarding, motorcycle racing, music events and sponsoring athletes and teams such as the racer Ashley Fiolek and the soccer team New Red Bulls and much more. Moreover, their website includes fun features like Red Bull Soapbox Racer, video games, music and TV shows. Those entertainment features are also found on their Facebook page that includes more than 37 million followers.

Red Bull Mission, Vision and Values:

The mission statement is known as the company's objectives and the approaches to reach those objectives. As it is mentioned in Red Bull official site, " Be the premier marketer and supplier of energy drink across the globe by building long-term relationships with the people who can make it become a reality" is the mission statement of the company; using the Red Bull's mission statement; we can understand the company's business objective and its method to reach those objectives. " Be the premier marketer and supplier of energy drink across the globe" is the Red Bull's business objective. Moreover, " build long-term relationships with the people who can make it become reality" is the company's method of achieving their objective.

Red Bull has identified their vision statement by saying that " Red Bull GmbH 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 organization as an employer of choice.” Retrieved from www.redbull.com (Dec. 8, 2018). Furthermore, Red Bull claims to value people, ideas and culture.

The Significance of Red Bull Company as a Case study

As it was mentioned by Aaker (2013), Red Bull is set to be one of the leading energy drinks for almost three decades. Its sales were estimated for \$3 billion, and its profits over 400 million with a 43% of US dollar market. Cornelissen (2017) stated that “ investing in the development of a corporate image for the organization has further strategic advantages for organization”. Hence, it is important to work on improving and developing the company, rather than being satisfied by its states. The best way to do so is to imitate a market leader; it is the company that has the largest market share and leads in price changes, new product introduction, distribution, coverage and promotion intensity. Throughout following the lead of the market leader and avoiding his drawbacks, a company would reach its fullest potentials.

Objectives of the Project:

The objective of this project is to give an overview of the Marketing Strategy followed by the pioneering energy drink company, Red Bull. Throughout analyzing the company's Swot, 4 Ps, its porter's forces; and how they affect the company, its defensive and attacking strategies; along with its advertising and promotion tools and the way they affect its market's shares, certain conclusion will be built. That conclusion will be a general guideline to understand how to follow the company's lead to increase the profits, and to

avoid its errors and hardships to gain a better posture, position and market share.

The company's SWOT analysis“ Good performance within a company is the result of correct interaction of business management with its internal and external environment. The recognition of internal strengths and weaknesses, as well as external opportunities and threats, takes place the basis of a SWOT-analysis.”(Houben et al., 1992)

Internal (within the organization)Strength: Red Bull is considered as the market leader since the company has sold all over the world the amount of 5. 226 billion can by the year 2012, as it is shown in the given figure. Also, the company is set to be a global leader since it has 70% in the world market share, even though that it faced a great competition from other brands.

Moreover, Red Bull has gained its strength by launching new categories of drinks and developing the shape of their cans into smaller and more fashionable. Also, according to Red Bull official site, “ Numerous scientific studies on the product and the individual ingredients prove that Red Bull Energy Drink: increases performance, increases concentration and reaction speed, improves vigilance, stimulates metabolism, and makes you feel more energetic and thus improves you overall well-being”. (redbull. com)

Weakness:

Despite Red Bull's popularity and strengths, Red Bull still faces some points of weaknesses. Since the energy drinks category is set to be a small part when compared to the soft drinks market, Red Bull faces a certain weakness

concerning their products. As it was mentioned above, Red Bull only has 5 products with only three flavors (Blueberry, Cranberry and Lime). So, the Company is still vulnerable the market swings.

Since the manufacturing of Red Bull is only stranded to Austria factories, supplying the product to other parts of the world will be costly when it is compared to other products, due to laws and regulations, distribution costs and taxes.

External (outside the organization) Opportunities: To start with, since Red Bull has only few products, the company has to take the opportunity and start creating new products. Also, Red Bull is set to be the biggest sponsor of sports and outdoors activities, so it has the ability to advertise and promote its brand more widely. Finally, Red Bull can eliminate the distribution cost by opening new manufacturing units in different parts of the world.

Threats:

The biggest threat the Red Bull faces is the competition of other brands. For examples, a brand named Monster is producing their own energy drink with the privilege of using natural ingredients; which will be more desirable for the costumers. The ingredient of the product is not FDA approved. Moreover, the high amount of caffeine and sugar are extremely dangerous on thehealth.