

Marketing analysis of red bull in uk

[Business](#), [Company](#)



There are various factors which contribute to the performance or non-performance of a firm in the industry with respect to its marketing. In order that the barriers to successful launching and marketing of the product are removed, the firms adopt different strategies for marketing their products. It is not only the superiority of the product that determines the saleability of a product, but also how it is presented to the ultimate customers that also matters. The marketing strategies enable the firms to educate the customers on the utility as well as quality of the products so that the customers are made to buy and use the product.

In this respect the non-traditional strategies for marketing adopted by Red Bull, the multinational energy drink manufacturer has made their product a spectacular success in large number of countries including the United States, where the Company has a very huge market share of the beverages market. This dissertation proposal identifies the key marketing strategies of Red Bull in UK for a possible dissertation presentation. Marketing Analysis of Red Bull in UK

1. 0 Introduction: In 1982, Dietrich Mateschitz heard about “ tonic drinks” in Asia.

These drinks enjoyed wide spread popularity and this gave him the idea to market such functional drinks outside Asia. Red Bull was initially developed in Thailand. Mateschitz bought the rights to market it world-wide excluding Thailand, which continued producing its own brand. Thus in 1984, Mateschitz founded the Red Bull GmbH company. He tweaked the taste of the drink and also changed some ingredients in order to make the drink more effective as an energy booster. He also developed a unique marketing strategy and sold the product in the Austrian market.

(Red Bull History) The dissertation proposed to be undertaken will present a comprehensive analytical report on the marketing strategy adopted by Red Bull for its success in the beverage market. 2. 0 Objectives, Scope and Research Methodology of the Dissertation In order to present a comprehensive study paper on the Marketing Strategies of Red Bull the researcher proposes to make an extensive research in the available literature. To integrate the efforts and to fix the boundaries up to which the research is to be carried, this part of the proposal outlines the scope and objective of the study.

The methods for conducting such research are also detailed herein. 2. 1 Objectives of the Study: The proposal for this dissertation paper identifies the following objectives with respect to the chosen topic of the ‘ Marketing Analysis of Red Bull in the UK’. The objectives are: • To make a complete analysis of the various marketing strategies adopted by Red Bull for the promotion of its product in the UK. Such analysis will include the elements of marketing as also the advertising concepts that are following by Red Bull as a part of the marketing strategy.

- To make a complete report on the efforts taken by the company, in strengthening its distribution processes and brand building as a part of the its marketing strategy
- To present a critical analysis of the superiority of the strategies for marketing that is being followed by ‘ Red Bull. ’ The objects of this study are proposed to be achieved by a thorough research into the available literature on the company Red Bull and its marketing and distribution strategies.

Being a company of recent origin and also because of a spectacular success in the beverages market, there are a number of articles and research studies available about the marketing strategies being adopted by the company. A research in to various professional journals, magazines and technical literature will provide a deep insight in to the topic undertaken by the researcher. There are quite a number of websites available in the internet would also provide the basic information required to complete the study. 2. 2

Scope of the Study:

To achieve the objectives outlined, this proposal for the dissertation extends the scope of the study to the following areas for an extensive research and analysis:

- An in-depth study into the methods of advertising and sales promotion adopted by Red Bull as part of the marketing strategy will be undertaken by the researcher for the purpose of the presenting the dissertation.
- The study will extend to the analysis of the various other measures being taken by Red Bull which had the effect of promoting their product. Such measures include the sponsorship of extreme sports events by Red Bull.

- It is also proposed to make an analysis of the distinguishing features of the marketing strategies of Red bull. For this purpose, the study will detail an analysis of the impact of the marketing strategies and also evaluate the positive effects of the marketing strategies of the company Red Bull. 2. 3

Research Methodology: Different research methods are to be used to complete the dissertation project. It is important to use both secondary and primary sources of information to achieve the goal and objectives of the

study. Overall, the inductive research method is to be used because it is more appropriate for the purpose of the dissertation.

Jill and Johnson (2002) write that induction is the ‘ construction of explanations and theories about what has been observed... learning by reflecting upon particular past experiences and through the formulation of abstract concepts, theories and generalisations that explain past and predict future, experience’. Due to the practical nature of the chosen topic, ‘ Marketing Analysis of Red bull in UK’ induction is more suitable since the author will first collect data, observe, analyse and only then present his findings and conclusions.

Additionally, qualitative rather than quantitative research methods will be used because the aim of the project is not to analyse figures or statistics but to observe, interpret and make recommendations if any. The general belief of business research is often thought of as collecting data, constructing questionnaires and analysing data. But it also includes identifying the problem and how to proceed solving it (Ghauri et al. , 1995) Data sources can be described as the carriers of data (information). There are two types of data sources (Ghauri et al. , 1995) 1. Primary data (field) is collected specifically for the research project.

This will be in the form of observations and interviews. 2. Secondary data (desk) is collected by others. These include academic and non-academic sources. 2. 4 Qualitative Methods: The qualitative method is ‘ one of the two major approaches to research methodology in social science’, which involves ‘ investigating participant’s opinions, behaviours and experiences from the informants' points of view’. In contrast with the quantitative research

method, the qualitative research method ' does not rely on quantitative measurement and mathematical models, but instead uses logical deductions to decipher gathered data dealing with the human element'.

In qualitative research method non-quantitative' methods of data collection and analysis are being used (Lofland & Lofland; 1984) 2. 5 Quantitative Method: Quantitative method is a research method which depends less on subjective methods but is more focused on the collection and analysis of numerical data. Quantitative research involves analysis of numerical data. According to Burns and Grove, Quantitative research is: " a formal, objective, systematic process in which numerical data are utilised to obtain information about the research question" (Burns and Grove cited by Cormack 1991 p 140).

Quantitative research uses the methods which are designed to ensure objectivity and reliability. In this method the researcher is considered external to the actual research and results are expected to be the same, no matter who conducts the research.. Out of the above discussions on the research methodology, the proposal advocates, inductive and qualitative research methods for the preparation of the dissertation through primary as well as secondary sources. 3. 0 Literature Review: The Company Red Bull has emerged as a big success and is presently selling in large number of countries all over the world.

The grand success of the company is mainly due to the novel marketing strategy adopted by the company in promoting its product by following unconventional means of advertising. Bevnet, the website on the beverage news indicates that " Red Bull is a utility drink to be taken against mental or
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physical weariness or exhaustion. " In fact this is the philosophy on which the marketing of Red Bull is based. But in spite of the heavy advertising " Countries like Norway, Denmark and France are so nervous about the can's contents, they've banned the sale of Red Bull. " (CBC News) Websites like Snopes.

com claim that " Red Bull energy drink contains a banned, government - manufactured stimulant linked to the formation of brain tumours". But Red Bull never got perturbed by these negative campaigns. This literature review makes a presentation on the marketing strategies adopted by the company for the promotion of its products in the UK. While discussing the superiority of the marketing strategy of the company, the study also details the efforts of the company in the brand building. 3. 1 Marketing Strategy of Red Bull in UK: Red Bull GmbH is a privately owned Austrian company, with sales of \$1640 million in 2003 and 1850 employees.

Since introducing Red Bull in 1987, the brunt of investment for the company has been in brand building and quirky marketing. While many companies spend on product diversification, Red Bull has stuck constantly to their single product with its unchanged taste. Red Bull also has unusual distribution. The company relies heavily on bars and night clubs, where they let people sample the product. They also sponsor alternative sports to promote the drink. Traditional advertising is the last thing that the company invests in. Red Bull has built for itself an image of being a luxury or an identification of a lifestyle.

Red Bull claims that " Research has proven that just one or two cans of Red Bull can help alleviate the effects of tiredness - there is no added benefit in

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consuming the product in excessive amounts” (BBC. Co. UK). The strong point for the marketing of Red Bull in UK is the strong distribution set up it holds in there. Such stronger distribution is not prevalent in the other markets for Red Bull. Red Bull has spread its wings in the US also. Amy Scott observes “ Popular in Europe for years, Red Bull has been making a slow and steady dent in the American energy drink market.

” MoneyCulturesays “ In the US Red Bull is popular with college kids and night clubbers, whom the company aggressively targets. ” 3. 2 Distribution Network of Red Bull in UK: In the year 2002 Red bull dominated 46 percent of the sports drink market in the UK. The company was able to achieve this great a height in the sports drink market, by a strong distribution network it carries in UK which is considered as its best marketing strategy for the promotion of sales. As a start up measure Red Bull approached small distributors and encouraged them to stock and sell the drink Red Bull only.

With the successful brand building by the company the distributor would be able to break even within a short period and will become profitable in just less than six months. Then the distributor becomes attached to the selling of the drink and starts to get supplies directly from the company. Similar arrangements are being entered with other forms of selling points like hot night clubs and trendy pubs and bars. Along with supplies of few cases of the drinks, the company supplies a Red Bull Branded Cooler and other Promotional materials.

Such a kind of distribution approach gives not only a larger visibility for the product but also a fertile ground for the new drinks to emerge victorious against competition. The company also had internal set up with separate

units responsible for selected areas. These units will be responsible for creating the distribution networks, communication with the networks, marketing and sales promotion in the designated areas through the developed distribution network.

3.3 Marketing Mix Strategy of Red Bull:

Traditional marketing usually falls into the following four categories which can be controlled.

They are product, price, place and promotion and are known as the marketing mix. James Culliton described the marketing manager as a 'mixer of ingredients'. However the term was popularized in 1964 when Neil H. Borden in an article referred to them as the 'marketing mix'. (Net MBA) Red Bull however has its own marketing mix strategy. The company spent close to six million pounds on marketing in 1998. The marketing strategy of Red Bull is dependent upon three important aspects which are known as 'Three Pillar Marketing System'. They are:

- The first one is mainstream media advertising.

- The second is extreme sports events sponsorship and
- Third, by sampling presentations to the consumers

3.4 Porter's Five Forces Analysis:

The five forces analysis on Red Bull can be summarized as below:

Barriers to New Entrants: The beverage drink industry needs a strong distribution network for the distribution of the drinks. The access to the distribution network poses a barrier for any new entrant. Moreover building a brand image needs considerable time and money being spent on the product promotion which also acts as a barrier for new entries in the market.

Power of Customers:

The force of power of customers acts very strongly on the total beverage market as there are a number of alternative products available and switching

to the alternate product doesn't cost the consumer any extra cost. Hence even a small variation in quality or price will have an immediate impact on the product showing a strong customer power. Power of Suppliers: It cannot be said that the power of suppliers has a major impact on the industry as the major ingredients are not very scarce. Mostly each beverage company has its own formulas that cannot be infringed by any competitor or supplier.

The major raw materials are water and some chemicals which are easily available in the market. Hence power of suppliers is not strong force acting on the industry. Substitute Products: There are a plenty of substitutes available in the market in the form of soft drinks that attract the customers through promotions and catchy advertising campaigns. The competition is made stiff with the availability of a number of substitute products. Hence this force needs to be reckoned while assessing the strength of the product within the market. Competitor Rivalry:

Already the industry is facing heavy competition among the major players with their established brands. In addition, the forces of ' powers of customers' and the ' availability of substitute products' also adds up the competition. So in order to achieve growth in the market share and sustain the growth achieved Red Bull should continue to follow all its marketing strategies and novel ideas of retaining old customers and attracting new customers. 5. 0 Structure of the Final Dissertation: The dissertation paper proposes to make a comprehensive report on the Marketing Strategy of the Company Red Bull GmbH in UK.

With the help of the collected information from the various sources, the report will identify the various marketing strategies adopted by Red Bull in <https://assignbuster.com/marketing-analysis-of-red-bull-in-uk/>

UK for its successful launch and growth in the UK market and also critically analyse the strengths and weaknesses of such strategies. In addition, the study will cover the Competitors' strengths against Red Bull. In order to have a coherence of thought and clarity the dissertation paper will be structured as below: Abstract Chapter 1 Introduction Chapter 2 Literature Review Chapter 3 Research Methodology Chapter 4 Findings and Discussion Chapter 5 Conclusion Recommendation

References Appendices The dissertation will generally follow the flow and substance outlined in the body of this proposal. Wherever necessary additional inputs in the form of excerpts from books and journal articles will be included to increase the informative strength of the concept, although the structure of the dissertation will be maintained as outlined here. 6. 0 Time Table: In order to accomplish the data collection, analysis and summing up being major processes of writing up the dissertation paper, the preparation and presentation of the dissertation report has been proposed to follow the time schedule indicated below:

Submission of Dissertation Proposal: 15th May 2007 Approval of the Proposal : 20th May 2007 Collection of Data : 30th May 2007 Collection of resources : 15th June 2007 Preparation of Draft Report : 20th June 2007 Submission of Final Dissertation : 25th June 2007 References: 1. Amy Scott It's Not the Thirsty, But Energy Fiends Who Imbibe Red Bull <http://journalism.berkeley.edu/projects/drink/redbull.html> 2. Anni Layne Rodgers (2001)It's a (Red) Bull Market After All [Fast Company. com](http://www.fastcompany.com)

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The Marketing Mix Strategy

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