

Red bull: history, market status, policies, challenges

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



Abstract

Redbull is the most popular energy drink in the world. It has a market share of 71% of worlds total energy drinks. It has a catchy catchphrase which says, “ Redbull gives you wings”. It sells over a thousand million cans per year over 100 countries. It’s a drink which provide energy and revitalizes its consumers. It helps people to accomplish tasks such as late night study sessions, long work shifts, cross country travels and also competitive sporting events. Its main ingredients are caffeine and taurine. Redbull targets the hip hop culture of modern society and promotes its products based on extreme adventure sports, music festivals, and investing in motor racing events. Recognising that their product was used by a diverse group of people, they employed their marketing strategy based on the lifestyle of these people. It was founded in 1984 as discovering the widespread popularity of tonic drinks in the eastern countries. Even though it has faced huge amounts of criticism because of its extreme marketing strategy and large health issues it poses, it is still one of the major players in the energy drink market and is growing day by day by the introduction of new flavours and its unique marketing techniques.

Introduction

History

The Red bull company has flourished under the guidance of its austrian brand owner Dietrich Mateschitz. They participate in art shows, racing events, flying events and even space. It was initially only served to farmers

and construction workers to stay alert. This drink was very popular for the working generation and helped to overcome fatigue.

It started by mixing sugar, caffeine and taurine to the original formula drink packed in a brown bottle with a bright label. While on a holiday, an Austrian entrepreneur Dietrich Mateschitz found the bizarre energy formula and offered 49 percent share in the company if they let him change the formula and expand it internationally.

The evolution of this drink into a global mega-brand is a perfect example of implementation of big ideas with joined communications. The entrepreneur decided to leave the originality of the symbol untouched. He thought it would give the drink an exotic and positive image to the brand.

Initial Stage

The red bull was targeted to 18-35 year old males in college parties, coffee shops and bars where it was highly welcomed. It was started by selling free samples to the consumers that greatly helped in word of mouth strategy of marketing.

They sponsor music festivals and racing events to increase the audience base. The media team creates many video and cartoon content to keep the product interesting. By performing massive stunts, red bull hooks their consumer base to the product.

Logo and Its Meaning

The Red bull symbol signifies energy and power that the drink provides. The red color symbolizes power and the yellow being the bright and vibrant

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background symbolizes sun. The symbol portrays the energy between two bulls colliding, which is equivalent to the energy given by this drink. The Red bull can has an image of two bulls (colored red) charging towards each other in a yellow background. The blue and silver parts of the can are a symbol of intellect.

Products

1. Sugar carbonated
2. Sugar free carbonated
3. Summer drink
4. Red bull cola
5. Yellow edition
6. Orange edition
7. Grapefruit summer edition
8. Blue edition
9. Green edition
10. Red edition
11. Sugarfree purple edition
12. Lime carbonated edition

Ingredients

1. Caffeine
2. Taurine
3. B- group vitamins
4. Sugars
5. Alpine water
6. Sucralose and Acesulfame

Benefits

1. Improves physical endurance
2. Stimulates metabolism
3. Improves overall feeling of well being
4. Improves concentration and reaction speed
5. Increase mental alertness

SWOT analysis

Strengths

- Industry leader
- Entertainment value
- Loyal customers
- Social media base
- Brand awareness

Weaknesses

- Less advertisement of product
- Not much innovations
- Male centric brand
- Focused on specific market
- Bad image due to deaths in stunt shows

Opportunities

- Brand expansion
- Unique packaging
- Athlete endorsements
- Focussing on female ratio

- Partnership with other beverage brands

Threats

- Non – traditional competitors
- FDA regulation
- Cheaper alternatives
- Health concious consumers
- More flavourful alternatives

Milestones

- APRIL1, 1987 – Red Bull launched in Austria on April 1st, 1987
- 1994 – Red Bull sponsored its first two international athletes.
- 1995 – Red Bull entered the UK market.
- 1999 – Red Bull created kite boarding competition
- 2012 – Red Bull completed the stratos jump
- 2016 – Red Bull became the exclusive broadcaster for 6 music festivals

Market Status

Current Situation

Redbull, in 2004 has worth US\$2 billion share in the energy drink market of North America while in Canada its market share in estimated as C\$100 million.

Redbull is the most popular energy drink in the world based on the market share. In 2008 the assessed market share of redbull was 29% of the global market. The same year, it possesses 47% of the energy drink market in the USA and 50% share of German energy drink market. Now redbull stands at

65% of the energy drinks industry. And in 2017 Redbulls sales amounted to 6. 28 billion euros worldwide.

The energy drink market in India is estimated at 20-25 crores per annum. Redbull, world leader of energy drinks, dominates the indian market too. Redbull with an assessed market share of 95 per cent of the market, sees no competition with new entrants in the indian market, as they are unable to sustain themselves. In india, as of 2009, Redbull have a massive share of 42 per cent in the total soft drinks and energy drink market in India.

Between October 2017 and March 2018, Redbull had a value market share of 89. 3 per cent and a volume share of 73. 1 per cent.

Redbulls dominance in the energy drink market is so powerful that the new entrants doesn't pose any threat or competition. Bisleri pulled out its three year old energy drink Urzza because it tried too hard at copying redbull which ended up having a negative effect on the product. Over the last year, 13 brands have run out of steam and have exited the energy drink market. Such is the dominance of Redbull.

Best Sale

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Entry Strategy

Redbull initially got debuted into Austria in 1987. Its entry strategy relied heavily upon word of mouth and seeding. The company targeted a handful of

hip and trendy clubs, bars and stores with limited availability. After six months of seeding, it introduced its product around seeding locations. Entering supermarkets greatly helped in becoming a product of global market. Redbull also targeted specific celebrities and sponsored sporting events ranging from car racing to extreme skiing to flutage.

Target Market

Redbull concentrates on the specific segment on the society whose lifestyle is more relatable to the busy, adventurous hip hop based culture. It mainly targets a segment of eighteen to thirty four old men and women based on their interests- being outdoors, taking risks and having fun. The brand began sponsoring sport athletes, jumpers, racers and mountain bikers, as well as e-sports.

Competition

Many of the competitors of Redbull are:

- **Pepsico** – The brand has seen growth in organic revenue in 2017. It has 20 billion dollar brands in its products portfolio.
- **Coca cola** – It has very large product portfolio made up of more than 500 sparkling and still brands. The highest stars are 21 billion dollars, each of which generates 1 billion usd or more in revenue.
- **Monster Energy drinks** – The brand sells across 128 countries, with gross sells in 2016 reaching upto 3. 5 billion dollars rising from 3. 1 billion dollars in 2015.
- **Dr. Pepper Snapple** – Major competitor with a revenue of 6. 4 billion dollars of which 90% was earned from the US market.

Profit/Loss Incurred

- Red Bull had to face \$13 million lawsuit and made to refund \$10 to every consumer since 2002.
- Their sales amount to 6. 28 billion euros worldwide from 2011 to 2017.
- The red bull employees generated \$7. 4 billion in revenue (in 2017).

Policies**Marketing Policies**

Red bull has various marketing policies which has led to following numbers:

- Red bull has more than 8 million subscribers on youtube.
- Red bull has more than 48 million followers on facebook.
- Red bull has 2. 07 million followers on twitter.

Red bull focusses on few main issues to enhance their market base. These issues are :

- It covers the interest of the audience like extreme sports, concerts and music festivals etc.
- They focus on selling their brand rather than the product.
- The media team posts videos of events and blogs of all the events.

Promotion Policy

The promotion policy is the mixing of business and market share. These techniques help in make the product more approachable.

The main way of promoting their brand are the adventurous publicity stunts. The most recent one being the Red Bull Stratos Jump which broke two world records. This jump involved sending a man up in space to 128, 000 feet above the earth sphere in a small ship tied to a helium balloon and free

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falling out of it. Red Bull is the owner of four different football teams namely Leipzig, Salzburg, New York and Campinas in Brazil and two different F1 operations.

Price Policy

The price of red bull is usually more expensive than the fellow beverages. The consumer buys the product for it's premium quality and it's benefits. Hence it is the world's most selling energy drink. Around 6. 790 billion cans were sold in 2018 which was increase of 7. 7% compared to 2017. The prices vary according to the venue of sales.

Product Policy

The red bull contains 1000mg of taurine, 600mg of glucuronolactone, 80 mg of caffeine, vitamin B, sugars, asesulfame K and aspartame. The capacity of a can is 25 ml. red bull insists on the idea of quality over quantity. The variety of red bull is very limited. The different capacities of red bull cans are 250 ml, 355 ml and 473 ml. These cans are easy to carry along due to their size. These drinks also comes in bulk packaging like a pack of pack of 4 or 6.

Challenges Faced by the Company

The Red bull company has many challenges ahead. Even though it's a huge successful company, the new multinational companies are making their mark and started taking over the energy drink global market. Companies such as Monster energy, sting, Gatorade, Coca cola, Mountain dew are making strives with their tastier and more diversified flavours. The health factor is also a playing a major role in making the sales and market difficult for Red bull. Red bull is also facing large amount of criticism based on its marketing

and advertising strategy. Its use of extreme sports video clips in advertising and the fact that the death toll rises among those who carry out the stunts. In 2012, cans worth rupees 7.45 crore were seized by FDA officials stating that it contained more than permitted amount of caffeine in Maharashtra.

Conclusion

The company red bull is the world's number one company in energy drinks. Redbull is considering to extend the brand name by increasing their varieties and considering to get partnership with other beverage companies. However these extension should be carefully sought after market research so that it doesn't effect the company's brand name.

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