

Energy drink company swot analysis



**ASSIGN
BUSTER**

According to the Rage strategy, The company pay lots of attention on advertising to create the brand image, while make effort in promoting Rage energy drink and also increase consumer brand awareness in existing market. Rage follows a policy that specifically excludes any print advertising because this is seen as an inflexible medium that leads to competitive advertising. When Rage first entered to the markets, it used lots of promotions and well targeted campaigns and sponsorship for opening the Rage market. In addition, it develops Rage energy drink based on improving the brand identity instead of spending big amount money in advertising.

There are many useful strategies adopted by Rage, firstly, we divide the targeting consumers and potential buyers into different types, then make special strategy for different groups, for example, in extreme Sports area, : Rage is adopted following brand qualities : Energy , Danger and Youthfulness. Hence the brand chose to sponsor or associate with extreme sports. The brand also owned a Formula 1 racing team at one point of time to help to expand Rage awareness. On the other hand, Rage works for ensuring the products are visible in daily life, hence we identify the hot spots where many passengers or customers are getting together and give free samples to who had been found as being in demand for extra energy, it is not doubt that people are get used to Rage advertising and gradually become the consumers in their daily life. Basically, Rage doesn't adopt traditional informative or persuasive communications; instead, it strongly rely on orally pass on the quality and satisfaction of the product by consumers to improve the popularity of Rage.

STRENGTHS

2. need, demands satisfied by Rage

Rage is a sweet, caffeinated drink which aimed to give consumers the high energy kick. It contains caffeine, taurine, b vitamins has become popular energy drink within the world, especially in many young, and active people's lives.

Actually, there including two basic needs that Rage can satisfy with consumers: physical, social needs.

Firstly, a variety of physiological and psychological effects have been attributed to energy drinks and their ingredients. It is common that caffeine is added with energy drink which is a stimulant that is found on coffee and tea. It is proved to accelerate performance; meanwhile, it also develops one's concentration and the speed of reaction. As it is a legal stimulant which works more efficient than normal drinks, many people will chose it when they need an extra energy for stimulating metabolism or develop emotional status. Consumers buy Rage energy drink as they are informed that benefits energy drink can bring to them.

Secondly, social need plays an important role in Range energy drink. Rage energy drink was created an image that association with adventure, extreme sports and young culture. Obviously, its target consumers are GENERATION Y which was born after 1980. Therefore, Consumers who belong to this group prefer to associate themselves to young culture, which introduces the Rage energy drink into this group. Consumers who buy Rage are satisfied with the social benefits the brand delivered to them.

<https://assignbuster.com/energy-drink-company-swot-analysis/>

3. Strong, fashionable brand identity

the firm avoided methods of marketing as usual, relying more on what is called ‘buzz marketing’ or word-of-mouth. The Rage created a brand image and product impression which connects the drink with youth culture and adventure-related sports or some extreme programs such as motor racing, car racing, outdoor climbing and dancing clubs. Reaching young is one of the most important concepts in promoting Rage. In many other Rage distributors, its target audiences began to use nicknames for the product such as ‘liquid cocaine’ or ‘speed in a can’, thus spreading its ‘left-field’ appeal.

WEAKNESSES

1. Higher price

The problem that Rage meets now is how to develop the quantity of goods sold and lower the product price. As it becomes a mature brand during these years, people are get more used to the energy drinks, but comparing with other beverages, the price of Rage is pretty higher than other drinks, such as juices, coke or soda water, which can easily restrict the frequency of consumers to get access to.

2. Small product base

When the Rage firstly introduced into markets, the company only offer one version of product, Rage energy drink(along with drink without sugar), the most serious issue that Rage faces is its limited product lines. Even though Rage is becoming more mature these years, it shares a big part of beverage

market, when it compares to Pepsi or Cola, which contains many different kinds of drinks in production line, Rage is still in a negative position which lead to a weak sustainable development in long term marketing plan.

Furthermore, these mature global drink manufactory are also attracted by the mature energy drink market, they are engaged in improving own product to gain a competitive advantage over the markets.

3. Ability to attract new consumers and retain current consumers

It is clear that the target audiences of Rage aimed at young consumer when it first started, especially from 15 to 30, now there comes a question that “ Generation Y” are growing up that majority of them become working adults, whether this group will still accept Rage. Meanwhile, the concern how to attract next young generation becomes more serious in the marketing strategy.

OPPORTUNITIES

1. Extension of product line

In comparison with big global beverage firms such as Coca Cola and Pepsi, which invent and develop various products in various production lines, Rage only has one version of product. Even Rage is gradually mature in market; big firms already take major place in market share for mass production. Therefore, it is urgent that Rage need to add depth to an existing product line by introducing new ideas of goods or offering different size of product in the similar category. In this way, Rage can offer consumers multiple choices and reach broader buyers, which helps to protect the firm from threats of competitor.

2. Advertising and partnership with facebook

There is no doubt that Rage avoid traditional print advertising methods to expand awareness, it more relied on orally passing from consumers by consumers. Also, Rage more focuses on the practices of delivering product value to consumers. It is proper that Rage can introduce more hardcore advertising and promotions to spread its production. On the other hand, starting a new venture with some new media-facebook which is the biggest and most popular social utility that connect people with friends and others. As the targeting audience of Rage is young people, so it is pretty fit to associate the energy drink with fresh media to develop the marketing strategy.

THREATS

1. Health concern and social responsibility

Many Medias or experimental tests prove that energy drink has negative effects to health for high intake of caffeine. Some of the leading energy drinks contain up to 80 milligrams of caffeine or a similar stimulant which will result in injury in heart and blood pressure. For example: Red Bull was banned in France and Denmark following the publication of these concerns. It is classified as a medicine in Norway and until recently could only be bought in pharmacies in Japan. Nowadays , childhood obesity and type2-onset diabetes are mainly paid attention by the world, as a energy drink company whose consumers wholly based on young people, Rage must take societal and health concern during the process to benefit the society.

2. Consumer awareness

<https://assignbuster.com/energy-drink-company-swot-analysis/>

With the development of technology and science, people are easily getting access to mass information. Before the purchase, they can get detailed information about the products. Also they can compare different functions or prices of one type products during the purchasing. There is no doubt that they can choose some alternative drinks to replace previous one that they had before. In addition, consumers will try healthier drinks which benefit their health.

3. New product of energy drink

Nowadays, more people tend to use energy drink to keep high pace of daily life. However, traditional energy drinks contain high amounts of sugar and other ingredients which are harmful for health. Hence, organic energy drink can be the best choice for these people. There are no artificial preservatives, artificial vitamins and sugar added. Once the organic energy drink is put into market, it becomes more and more popular, resulting in a decrease in the quantity of common energy drink sold, which directly steal Rage's market share.

4. Competition

The most serious issue that Rage faces is how to compete and win over other competitors. Competition is so intense that Rage has to invent and develop itself according to changing situation.

Big beverage firms also add energy drink up to production line to take advantages over the market share. Additional, some premixed alcoholic drinks such as the Smimoff range form part of the competition.

References

1. neha17tyagi . (2009). Redbull Energy Drink. Available: <http://www.slideshare.net/neha17tyagi/redbull-energy-drink>. Last accessed 1stnpr 2011.
2. Muhammad Yaqoob. (n, d). Redbull Marketing Strategy . Available: <http://www.trcb.com/business/marketing/redbull-marketing-strategy-7375.htm>. Last accessed 30th march 2011.
3. meged. (n. d). Red Bull's Marketing Mix. Available: <http://www.scribd.com/doc/19489027/Red-Bulls-Marketing-Mix>. Last accessed 1st apr 2011.
4. Harish Bochi. (Thursday, August 07, 2008). Red Bull : It Gives You Wiings. Available: <http://marketingpractice.blogspot.com/2008/08/red-bull-it-gives-you-wiings.html>. Last accessed 30 mar 2011.
5. Jeanne Rose. (Mar 15 2010). Organic Energy Drinks: Are They Better for You?. Available: Harish Bochi. (Thursday, August 07, 2008). Red Bull : It Gives You Wiings. Available: <http://marketingpractice.blogspot.com/2008/08/red-bull-it-gives-you-wiings.html>. Last accessed 30 mar 2011.. Last accessed 30th march 2011