

Energy drinks market in denmark

[Business](#), [Industries](#)



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1. Introduction

Danish soft drinks sales have recorded positive volume growth in recent years. Strong volume growth was recorded in energy drinks sales attributed to the aggressive marketing and new product launches. Some of the major players in the Danish energy drink market are Burn and Red Bull.

Accordingly, the main aim of this report will be to identify and analyze the possible ways for Burn energy drink product to compete with the world famous energy drink Red Bull which has recently entered into Danish energy drink market in 2009.

1 Problem Description

In 2009, the Danish Veterinary

and Food Administration approved the increase of caffeine level in energy drink. This has given a wide-open-door for beverage companies to develop in this segment. Taking advantage of this opportunity, Red Bull the world's most famous energy drink company, started to compete within the Danish energy drink market. On the other hand, Coca-Cola Denmark also considered it as an opportunity to further develop product chain of its energy drink Burn.

In Denmark, Burn has been dominating the energy drink market so far but now with the entry of Red Bull into the market it will now have to strategically develop its marketing mix to find a better way to compete with Red Bull and maintain its dominant position.

1. 2 Problem Statement We define the problem question for our research as follows: How could Burn compete with Red Bull on the Danish energy drink market? To support main question we have formulated some sub questions. They are as follows: 1. 2.

1. 1 What is the preference of customers between Burn and Red Bull? . 2. 2 How should Burn products be developed and how should they be priced? 1.

2. 3 How should Coca-Cola Denmark promote and distribute Burn? 1. 3

Definitions 1. 3. 1 Energy drink Energy drink can be defined as a drink or the beverage that contains higher doses of caffeine and other stimulating agents that give you instant energy. The doses of the caffeine and the stimulants are legally approved by the government health authorities. The main purpose of drinking an Energy drink is to get an instant energy to your body. 1. 3. 2

Burn energy drink

Burn Energy Drink is a functional beverage, mixture of 14 ingredients that come in a 16 ounce can and is available at almost every grocery store or convenience store across Denmark. It is one of the products of Coca-Cola

Company. 1. 3. 3 Red Bull energy drink Red Bull Energy Drink is a functional beverage, specially developed for periods of increased mental and physical exertion. It can be drunk in virtually any situation: during sports, at work, whilst driving and during leisure activities. 1. 4 Demarcations (Scope and limitation of the study) As every report has its limitations, this report is also subject to various limitations.

This report is based on two products, Burn and Red Bull which are the products of The Coca-Cola Company and The Red Bull Company respectively. These two companies have various product categories; however this report will be focused only on those two products among wide category of energy drink in energy drink sector. As far as the market place is concerned, this report is limited to the Danish market. Most of the consumers of energy drinks in Danish market are mainly the younger people aged 18-25.

Considering this fact we have selected this age group as our target group. 2

Theoretical Background

This section of the report helps to provide the broad theoretical framework used for interpreting the research presented in this report. Various marketing theories have been applied as a background in this report. Theory of Market segmentation is used to analyze Burn and Red Bull in the Danish Market. To analyze the competition between Burn and Red Bull, Competitor Benchmark Analysis is used. Finally Using the theory of Marketing Mix (4 Ps), recommendation to Burn has been made to successfully develop its marketing campaign so that it can increase its sales and compete with Red Bull. 2. 1 Market segmentation

Market segmentation will be identified by taking into consideration the demographic variables (like gender, different age group and life style) and geographical locations (various cities of Denmark) like Center of Copenhagen, Sjælland, Fyn and Jylland.

2.2 Competitive Benchmark Analysis

Competitive benchmark of Burn will be made with its direct competitor, Red Bull. For this we will take various factors which are flavor, taste, brand, price, place (convenient to buy), packaging and effectiveness of the products. During our group discussion these factors came up as the most relevant criteria for making competitive benchmark.

Accordingly, respondents were asked to rate and evaluate both Burn and Red Bull on those factors during the online survey.

2.3 Marketing Mix (4 Ps)

Marketing Mix i. e. 4 Ps will be taken as theoretical base for providing recommendation to Burn after the analysis of data and findings are presented. Accordingly, Product, Price, Place and Promotion Strategy will be presented in order for Burn to successfully compete against its rival Red Bull. Then after, the conclusion will be made.

3 Methodology Description

This section of the report gives information about the stages that we went through while doing the research and writing the report.

3. Research Design

We chose exploratory design as our research design. We have a research problem which is unstructured. We do not have enough information about our topic for which we have to investigate more on our topic. Both Qualitative and quantitative data collection methods are used. To gain more and more information and insights about the problem topic, Qualitative research design was chosen. Using qualitative data collection method, it became easier for us to change translate and reformulate our unstructured

questions. Quantitative method is also used in order to check the validity of the results obtained from qualitative method.

For quantitative data collection we tried to get as many respondents as possible who can represent the total population. 3. 2 Primary and secondary data collection For this research we have chosen both Qualitative and Quantitative data collection method for primary data. Similarly, wherever required, we have also used secondary data from the articles, publications and website of the company as well as blogs and other relevant news articles. 3. 3 Qualitative data collection To collect the qualitative data, a focus group interview was conducted. We prepared the interview guide for the focus group which is attached in the appendix.

The focus group contained 11 members who are the students from 2nd semester class at Niels Brock. After the completion of interview process we also took a blind test among the focus group interview participants plus 15 other students. Students were chosen randomly. Each of them were given to drink two glasses, one filled with Burn and another filled with Red Bull and were asked which one they like and how they taste. The responses from the participants were used for the analysis. 3. 4 Quantitative data collection To collect quantitative data, we prepared structured questionnaire. It consisted of 15 questions (open and closed ended questions).

We posted our research questionnaire in the Facebook blogs and invited 600 Facebook users through simple random method. We got only 116 responses and of which only 77 respondents answered all questions of questionnaire. So in this research 77 respondents are our total number of observation. In

other words our sample size is 77 which represent the total population of energy drink customers in Denmark. 4 Presentation and analysis of data The presentation and analysis of data has been categorized as Market segmentation and Competitor Benchmark. 4. 1 Market Segmentation of energy drinks 4. 1. 1 Analysis of Focused group interview:

During the focused group interview, 11 participants were asked about the consumption of energy drink every week. Among the participants, 1 participant consumes 5 or more cans per week. 4 respondents consume 3 to 4 cans and 1-2 cans as well. Whereas, 2 respondents consume less than 1 can of energy drink. Thus their consumption habit is around 1-4 cans per week. When there was a discussion about the occasions during which they consume the energy drink, most of the answers was during workout, training or going to sports and when mixing with alcohol. There was also a discussion about having coffee instead of energy drink when one is tired. participants said that they prefer coffee whereas others preferred energy drink.

Regarding price, most of the respondents voted for cheaper one, less than 20 DKK and between 15-17 DKK. 4. 1. 2 Analysis of Online questionnaire survey The willingness of various age groups towards energy drink is illustrated in the diagram below. It shows that 56% of respondents from age group 18 to 25 years are interested in energy drink. Figure 1 Willingness of various age-groups towards energy drink Source: Appendix 4 Similarly, 20% of respondents from the age group below 18 and 26-35 years age group showed their interest in energy drink.

But only 4% of the elderly respondents are interested in energy drink. Thus, it can be seen that the highest number of people from the age group 18-25 years are interested in the energy drink. Figure 2 Willingness towards energy drink by gender Source: Appendix 5 The above figure shows that 68% of male population is interested in energy drink whereas only 32% of female population is interested in Energy drink. Figure 3 Willingness towards energy drink by location Source: Appendix 6 According to the above figure, most of the respondents from center of Copenhagen are interested in energy drink. 8% respondents from the Copenhagen region and 32% respondents from Sjælland region showed interest in energy drink. While analysing the age wise consumption of energy drink which is illustrated in the figure below it has been seen that the data is bit conflicting. Figure 4 Age wise consumption of energy drink Source: Appendix 7 As shown by the diagram, those who almost never drink energy drinks are higher in age group 18 to 25 years. But again, those drinking from 1-2 cans per week are also higher number in age category 18-25 years but less compared to those who never drink. But what can be concluded that those who drinks energy drinks they normally consume 12 cans per week and are higher in 18-25 years category. Analyzing the preferred occasions when customers usually like to drink energy drink, the research show that customers usually prefer it to mix with alcohol as their first preference and then drinking when they are tired. Figure 5 Occasional preference of Energy Drink by gender Source: Appendix 8 The above graph shows most of both females and males consume energy drink when they mix with alcohol. 2 females out of 35 female respondents (63%) and 19 males out of 42 male respondents (45%) said they consume it when

they mix with alcohol. Similarly 43% of female and 40 % of male respondents answered that they take energy drink when they are tired. Likewise, 11% female and 33% male said that they take it when they go to sports. 14% of female and 21% of male chose energy drink when they are thirsty and 6% of female and 7% of male chose for other occasions. Figure 6 Customers willingness to pay for the energy drink Source: Appendix 9

Relating to the price it can be clearly seen from the figure above that 18-25 years age group which is the target customers for energy drinks are willing to pay 16-20 DKK for the energy drinks where as 26-35 years age group are willing to pay 10-15 DKK for the drink. 4. 2 Competitor Benchmark (Burn and Red Bull) 4. 2. 1 Analysis of Focused group interview: During the focused group interview, 8 out of 11 participants preferred Red Bull. Only 3 preferred Burn. When there was a discussion of product features like taste, flavor and effectiveness of the products; participants said that effectiveness of the product is important.

During the blind test 26 participants were made to taste both Burn and Red Bull drinks blindfolded. Table 1 Preference of product by tasting without knowing the product (Blind Test)

	Burn	Red Bull	Both	Total no. of participant
(26)	9	15	2	26

The research showed that Red Bull was highly preferred by the participants with 58% appreciating the taste of Red Bull. Burn was preferred by only 35% of the participants. 4. 2. 2 Analysis of Online questionnaire survey The illustration of various measures to which the consumer gave importance when buying energy drink is shown in the figure below. Figure 7 Customers' emphasis when buying energy drink

Source: Appendix 10 We found data of customers according to the importance they give to various measures or elements when they want to buy an energy drink. The above graph shows that 53% of the total respondents said flavor is very important when they buy energy drink. About taste, 60% said it is very important. None of the respondents said that it is not important at all. Talking about brand, only 19% said very important, 34% said important, 30% said not so important and 17% said not important at all. About price, 51 % (more than half population) said that it is very important.

Only 5% said not so important and no respondents said that it is not important at all. So far as convenient place to buy is concerned, 29% said very important, 54% said important. When packaging is concerned 16% said very important, 29% said important 39% said not so important and 16% said not important at all. When it is about effectiveness, 44% said it is very important, 38% said important. Thus the analysis shows that flavor, taste, price, convenient buying options and effectiveness of the drinks are important for customers where as brand and packaging are not that important in buying decision.

Based on the various factors to which the consumers give preference when buying energy drinks, comparative analysis between Burn and Red Bull has been carried out. This can be described from the figure given below. We asked the respondents to evaluate Burn and Red Bull giving them 4 options (Very Good, Good, Bad, Very Bad). But here in the analysis we have taken only two options as we think these two options are sufficient for comparative analysis. Figure 8 Comparison of Burn and Red Bull based on the various

factors Source: Appendix 11 The above figure shows the customers preference between Burn and Red Bull on the various factors which are important for their buying decision. 34% of the total respondents said the flavor of Burn is good and 23% said very good while 48% and 29% said the flavor of Red Bull is good and very good respectively. Similarly, 39% and 13% of the total respondents said the taste of Burn is good and very good respectively while 52% and 29% respectively chose good and very good for the taste of Red Bull. As far as brand is considered, 39% and 26% said the Burn brand is good and very good respectively while 42% and 45% said Red Bull brand is good and very good respectively.

When it is about price, 27% and 12% chose good and very good for Burn while 16% and 12% for Red Bull. 35% and 23% of total population said Burn is good and very good respectively when considering convenient to buy whereas for Red Bull it is 38% and 17% respectively. About packaging 36% and 22% answered good and very good for Burn while for Red Bull its 45% and 18%. Finally for the effectiveness of the product, 39% and 18% respectively chose good and very good for Burn while it is 45% and 25% for Red Bull.

Thus the analysis shows that customers highly prefer Red Bull while relating to flavor, taste, and brand. On the other hand, with relating to price, convenient to buy and nice packaging, customers seemed to prefer Burn. So far as the effectiveness is concerned, Preference towards Red Bull is high but the difference is not so much. 5 Findings and summary of the analysis According to the analysis presented above, it can be seen that the energy

drink market segmentation is more concentrated on the costumers between age group of 18-25 and that the customers are dominantly male rather than female.

Looking at the geographic distribution the market segment is undoubtedly concentrated on Copenhagen with to some extent also in Sj? land. However, the other fact is also that since Copenhagen is the largest city with dense population this result is quite obvious. The other important findings of the study regarding the life style of the customers relating to the consumption of energy drinks is that energy drinks are excessively consumed as a mix in alcohol and then it is consumed while people get tired. Also energy drinks are often consumed just 1 or 2 cans per week. Normally customers are willing to pay 16-20 DKK for the drink.

The analysis shows that in general the customers give high importance to the flavor, taste, price, effectiveness and buying convenience while making their buying decisions of energy drinks and that the brand and packaging are not of importance for the customers. Keeping this in mind the competitor benchmark of Burn and Red Bull Red Bull clearly shows that though Red Bull being a new entrant in the Danish market it has succeeded in taking good share of energy drink market in Denmark. Red Bull is preferred by customers in terms of its flavor, taste which are important factor in general for customers while making their buying decisions.

Similarly, with the effectiveness as well Red Bull is preferred by customers in comparison to Burn. Burn is preferred by customers in packaging which not of important factor for customers. But Burn still dominate Red Bull in terms

of its easy availability at stores which is due to the fact that it is distributed by Carlsberg Brewery which is considered to have a very strong distribution channel in Danish market. (footnote) Again at price Burn is rated better owing to the fact that they are cheaper than Red Bull. Of course with the brand Red Bull is rated much better as it is an internationally recognized brand. Recommendations Based on above findings following recommendations have been suggested for Burn to improve its products, promotion and pricing strategy. The recommendations will be based on the marketing mix (4 Ps) which is product, price, place and promotion. 6. 1 Product Since the research findings show that Red Bull has dominant preference by customers in terms of flavor, taste and effectiveness, therefore Burn has to come up with innovative product development in order to provide added value to its product so that customers preferences divert towards Burn.

Therefore, considerable amount of resources and time should be spent on research and development of variety of flavors and appealing taste with its product. Since the market segment of the energy drink is mostly 18-25 years old and that they consume it as mix in alcohol so the taste preference of these age group should be taken into consideration and the flavor and taste should be developed which is appealing while mixing with alcohol as well. 6. 2 Price Relating to the price, Burn is cheaper than Red Bull and realizing the fact that Red Bull is gaining market share it is wise to maintain its low price strategy. . 3 Place The research show Burn with strong placement but since strong distribution channel is its one of core competencies it has to fully utilize this competences to move ahead from Red Bull to place its products

at all the convenient stores. The major priority should be given to Copenhagen since it's the main market segment but again taking advantage of its well managed distribution channel it should also focus on other cities where Red Bull are not able to reach due to lack of experience with the Danish market. . 4 Promotion A well planned advertising strategy should be developed mainly targeting on the 18-25 years age group and again the male customers who are the major customers of energy drinks. Though Red Bull is world recognized brand, Burn also has its brand reputation as it is a product of world class Coca Cola Company. Thus advertising campaign should also be focused to create awareness of the Coca Cola brand among the customers while promoting Burn which can positively influence customers' choice. Conclusion Based on the research analysis and findings, it can be concluded that within the Danish energy drinks market Burn is definitely getting a tough competition from Red Bull despite the fact the Red Bull is a new entrant in Danish market. Its global brand recognition has provided Red Bull with competitive strength which can be a serious threat to Burn in coming future. Therefore it is a must for Burn to take timely action and initiate necessary marketing strategies to compete with Red Bull.

Burn has low price advantage as well as strong distribution channel which provide Burn with an edge in the competitive market and therefore it needs to look more into product development and promotion strategy in order to compete with Red Bull and thus gain success in the competitive energy drink market. 8 References Books David Jobber. (2007). Principles and Practice of Marketing. UK. McGraw-Hill Education Pervez GH, Kjell Gr. (2005). Research

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= 1242745950125#/product-FAQ 9 Appendices Appendix 1 Questionnaire

Dear respondents, we make this survey in order to obtain more comprehensive knowledge about the energy drink sector in Denmark, particularly the two big brands: Burn and RedBull. So we would highly appreciate if you spend a few minutes answering our questionnaire. Your information will be treated anonymously!

1. How interested are you in energy drinks? Very interested Interested Not very interested Not interested at all

2. How often do you drink energy drinks? Almost never From 1 - 2 cans per week From 2-5 cans per week More than 5 cans per week

3. ON WHAT OCCASIONS DO YOU DRINK ENERGY DRINKS? When I'm tired When I'm thirsty When I go to sports When I mix with alcohol Other (please specify in the box below)

4. Where do you often buy energy drinks? In the super markets In the bars In Seven Eleven In small shops (eg: gas station, kiosk etc) Other (please specify in the box)

5. How much would you like to pay for an energy drink? 10 - 15 Kr 16 - 20 Kr 21 - 25 Kr More

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than 25 Kr 6. How important are the following factors when you buy energy drinks?

Very important Important Not so important not important at all Good flavor
 Good taste Good brand Reasonable price Convenient to buy Nice packaging
 The effectiveness of the drinks 7. Which of these brands do you know? Burn
Red Bull None of them 8. Which one of these brands do you prefer? Burn
Red Bull None of them 9. How do you evaluate RED BULL in the following
 factors? Very good Good Not good-not bad Bad Very bad Brand Taste Flavor
 Price Convenient to buy Packaging Effectiveness 10. Do you have any
 recommendations for RED BULL to better meet your satisfaction? I don't
 know I'm already very satisfied I would recommend as follows: 11. How do
 you evaluate BURN in the following factors? Very good Good Not good-not
 bad Bad Very bad Brand Taste Flavor Price Convenient to buy Packaging
 Effectiveness 12. Do you have any recommendations for BURN to better
 meet your satisfaction? I don't know I'm already very satisfied! I would
 recommend as follows: 13. What is your age? Younger than 18 years old
From 18 - 25 years old From 26 - 35 years old 14. What is your gender?
Male Female 15.

Which part of Denmark do you live in? Center of Copenhagen Sjælland
Fyn Jylland Appendix 2 Interview guide for focus group What criteria do
 people choose when they buy energy drink products? Are different flavors
 important? What occasion do they drink energy drink? Eg: when they're
 tired, or mix with strong alcohol, etc. What product name(s) do they like?
 Why? Do they know Burn/Red Bull? Where do they buy? Do they like

Burn/Red Bull products? How much should a can of energy drink cost?

Appendix 3 Fokus gruppe analyse 2. Semester klasse Niels Brock Lien, Niraj, Silas og Michelle

Market research Alle kender begge 11 deltager 8 ud af 11 kan lide red bull
Dog viste det at 6 ud af 11 faktisk kun valgte Red Bull efter blinde smagning
Smagen er bedre, burn er for sodt. (inden smagning af begge m? rker) Hvor
mange energidriks drikker du per uge? 1 drikker 4-5 cans a week 4 - 3-4
cans 4 - 1-2 cans 2 mindre end 1 Hvornar drikker du energidriks? Sprut, tr?
ning, Det er meget i forhold til det at man drikker alkohol. Enighed blandt
minimum 8 af deltagerne Dog drikker mange det ogsa hvis de er tr? tte eller
skal til tr? ning efter en lang dag i skole.

Kaffe frem for energi drink hvis man kan lide det hvis man er tr? t og skal
videre, dette mener 6 ud af 11 af deltagerne hvor de andre ikke kan lide
kaffe eller mener at en energi drik er bedre... Hvor meget vil du betale for en
energidrink? Ikke mere end 20kr, mellem 15-17kr ca er de fleste villige til at
betale Men ville kobe den billigste hvis de stod mod hinanden pa hylden i
super marked. Energien er mere vigtig end smagen. Irriterende reklamer -
for meget nogenhed - provokerende reklamer - mener 2 af deltagerne, Red
Bull promoverer ikke sadan (I Dk hvert fald)