

Marketing activities by redbull assignment

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Course: International Marketing Date: 29. 04. 2008 “ If we don’t create the market, it doesn’t exist. We don’t bring the product to the consumer; we bring consumers to the product. ” Red Bull Co-founder Dietrich Mateschitz

Executive Summary This paper is an analytical look into the external and internal marketing activities conducted by Red Bull in the United Kingdom and in Thailand. Through comparing Red Bull’s position within these two nations we intend to define the differences in the marketing and branding strategy of the product within the European and Asian markets.

Factors which will be studied include the differences in UK and Thai marketing activities, DEPEST factors of both nations, market analysis’, and a look into the companies micro environment. First a look into the DEPEST factors of both nations will identify the playing field Red Bull has to work with in each region. The Thai market is an emerging economy with and unstable political environment yet persistently strives for westernization, growth, and technological improvements.

The United Kingdom is a world power with a strong matured first world economy that wields strong political strength, technological advancement, and consumer sophistication. Through looking at the Ruscon model, MaBa model, and Porters Five Forces we tie their theories to Red Bull’s corporate practices and role within each respective region. A Meso-Analysis of Red Bull is then undertaken to understand who the company is with a look into the history, general market information, market behavior, size and segmentation, and competitors that Red Bull is continually faced with in the market.

Next we look into the Micro-environment surrounding Red Bull and analyze their mission and vision of becoming the most accessible and recognizable energy Beverage Company in the world. We observe their regional profitability and position within the markets. In the UK there is more liberal and innovative product placement, while in Thailand the products maintain a more traditional and conventional placement method. Then we approach Red Bull's regional strategy. We will answer how the company intends to maximize sales of its product within each region.

Key strategic tools that will be used to identify the strategy include Porter and T&W, looking at segments and positioning, branding, and targeting. In order to determine what Red Bull's key strengths are we look at its industry leadership as a sustainable competitive advantage in the UK and Thailand. Its innovative beverage formula and strong marketing techniques are then assessed as being the core competencies within its strategic plan. A final look at the marketing mix via the product, price, place, promotion, and personnel will focus on the entire package that Red Bull delivers and look at all the elements that have lead to its success.

A SWOT analysis is then used to summarize the strengths, weaknesses, opportunities, and threats that are currently facing Red Bull internally and externally. Finally we conclude with a list of recommendations for Red Bull. Our recommendations are shaped to prevent consumers from getting bored with Red Bull. They focus on the company taking advantage of its strong position and expanding their product line and riding the wave of consumer loyalty by introducing a wide array of health / energy based product lines.

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Future Recommendations | 28 | | | | Conclusion | 29 | | | | References | 30 | | Appendices | 31 | | | | A1. DEPEST Factor Chart | 31 | Introduction Red Bull energy drink has taken the international energy drink market by storm. As the first of its kind within the western world it has created a market, demand, and a position as the market leader and most recognizable brand within the industry.

The purpose of this paper is to look at the extreme success of this company and compare its marketing strategies within the UK and Thailand. It is designed to focus on the micro methods employed by the company while also consider the Meso and external factors which affect tactics. This paper is focused towards individuals interested in the energy beverage market. It looks into the different approaches and considerations necessary when on the international playing field. It is also applicable for potential market entrants and competitors who require more information on Red Bull and what considerations must be taken when planning the marketing strategy.

Red Bull was chosen for this study because of its strong reputation, global presence, and intensive yet simple marketing strategies. Its focus on bringing the beverage to the consumer has made it the leader and innovator in marketing energy beverages. Thailand was as a basis of study because it is the country of origin for the beverage. Before Red Bull adopted its current western image and taste it existed for decades within Thailand. The United Kingdom was chosen as the basis of comparison as its consumer markets are the most influential and critical within the western European market. The report begins by giving you insight into the Red Bull brand and its history.

The product is then described with its core products and augmented products. Next macro elements of each market are observed. These conclusions then progress to defining the micro elements of the product and the marketing plan. Through analyzing the product on an all inclusive scale we are then able to assess the strengths, weaknesses, opportunities, and threats which will lead us into recommendations for the company and conclusions. . 1. DEPEST-factors 1. 2 Thailand 1. 1. 2Demographics Thailand, <https://assignbuster.com/marketing-activities-by-redbull-assignment/>

natively known as Ratcha Anachak Thai, has a population of 65, 068, 149 people. The population is growing with a rate of 0. 663% a year. This is an average grow rate for a country of this size.

However, due to the influences of various diseases, such as AIDS, which plague the nation, the population average remains lower with high mortality rates. The population is mostly of Buddhist faith; almost 95% national support. Within the south of Thailand there are areas of strong Muslim influence. The population is almost evenly divided between women and men. There are 49% male and 51% female. These females and males make a certain number of households; 8. 8 million in total. The birthrate within the population and family is 13. 73 births per 1, 000 people. And with a death rate of 7. 1 deaths per 1, 000 people the death rate is therefore less than the birthrate, etting infants bring the population back up. The average age of the Population is now 32. 4 years old. This is also decreasing as the birthrate is increasing.

1. 1. 2 Economic With a well-developed infrastructure, a free-enterprise economy, and generally pro-investment policies, Thailand appears to have fully recovered from the 1997-1998 Asian Financial Crises. The country was one of East Asia's best performers from 2002-04. Boosted by strong export growth, the Thai economy grew 4. 5% in 2007. [1] The unemployment rate is 1. 9% which appears to be a low amount, but it should be taken into consideration that there are a lot of people working in bad conditions, even children are working.

Economic growth is the increase in value of the goods and services produced by an economy. The economic Growth of Thailand is 4% in the year 2007. This means that there are 4% more goods produced than in the year 2006.

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The total GDP, in 2007, was an astonishing \$585.9 Billion. Internationally Thailand is ranked #26 in the world's largest GDP's. With the historical background and current economy this ranking Thailand is suitable. However when comparing this to other countries, such as the United States it appears very low. Inflation is rising in the general level of prices over time. It is also referred to a rise in the prices of specific sets of goods and services. It is measured as the percentage rate of change of a price index.

In Thailand the inflation rate was 2.2% in 2007. The income per capita stayed the same however; 9,100. 1.1.3 Political/Regulatory Thailand is a constitutional monarchy based on the civil law system. The sales tax rate was 7% in 2007. On every product 7% taxes are included. Individual taxes due are dependent on the salary received and the amount of taxes that are paid. There are differences in scales and they vary from 5% to 35% income tax. 1.1.4 Ecological/Ethical Thailand has signed the Kyoto agreement which means they have agreed to reduce carbon emissions and various other greenhouse gases (or engage in emissions trading). 1.1.5 Socio-cultural

Thailand has a high Power Distance (PDI) which is indicative of a high level of inequality of power and wealth within the society. This condition is not necessarily forced upon the population, but rather accepted by the society as a part of their cultural heritage. The ranking of 64 is slightly lower than the Asian average of 71. [2] 1.1.6 Technological Thailand has been a country struggling for a long time to move forward. It was a country where it was cheap to produce, but not very likely to invest in. This has changed over the years and it has become a 'High Technological Area'. This means that there are more investors and the country can look forward to a growing <https://assignbuster.com/marketing-activities-by-redbull-assignment/>

future. 1. 2United Kingdom 1. 2. Demographics The first half of the 20th century saw the UK's strength seriously depleted after two World Wars and the Irish republic withdrawal from the union. The second half witnessed the dismantling of the Empire and the UK rebuilding itself into a modern and prosperous European nation. Now the United Kingdom has a population of 60, 587, 300 people in total. The population is growing about 0. 275% a year; this was an estimate of 2006 to 2007. In the UK the female to male ratio is about the same. The population is 46% male and 54% female; there is a slight upper hand for females. The number of families living together is 2, 648, 025. 1. 2. 2Economic

The unemployment rate in the UK is 5, 4 % which means that of all the people who are eligible to work 5, 4% can not get a job, but usually this rate is higher since people are not registered as looking for a job. The economic growth is 3, 1% which means that the GDP of \$2, 270 trillion went up in 2007 with 3, 1%. At number 8 on the world ranking scale it is very strong with international trading. The income per person of a citizen of the United Kingdom makes \$ 37, 328. This did not change in the year 2007 even though the inflation rate was 2, 3%. 1. 2. 3Political/Regulatory As in Thailand the United Kingdom is a constitutional monarchy based on common law tradition with early Roman and modern continental influences.

The sales tax rate is 17, 5% and the income tax is directly based on income. In England the scale is between 10% and 45%. 1. 2. 4 Ecological/Ethical England is working on different ways to fight global warming. It is assigned to the Kyoto protocol. The UK has, in 2005, reduced the amount of industrial and commercial waste disposed in landfill sites to 85% of the 1998 levels. It <https://assignbuster.com/marketing-activities-by-redbull-assignment/>

has also recycled and/or composted at least 25% of household waste, increasing to 33% by 2015. 1. 2. 5Socio-cultural The power distance in the UK is not as big as in Thailand but it is still considerably high. The individualism of the people in the United Kingdom is however a lot higher than in Thailand. 1. 2. 6Technological

The United Kingdom is a country that was always been at the forefront of technical development. In recent years however this has fallen behind to just normal technical development; its is no long leading the way. 1. 3 DEPEST- Differences and Conclusions The main differences are in the economical factors and in the cultural background. The countries differ a lot when it comes to income and GDP. The United Kingdom is much stronger and developed then Thailand. Thailand is a developing nation while the UK is a first world international power that is well into a maturing phase of its growth. The cultural differences are handy to know when doing business, as it is extremely important to know who you are targeting.

A marketing strategy must be catered to the region as they have different needs, desires, and characteristics. It shows Red Bull what it can and cannot do. In the UK an advertisement can be a success and generate a lot of sales; however in Thailand the advertising campaign can be a complete failure and ruin the good reputation of Red Bull. Both countries have a strong environmental focus. Technologically Thailand is building itself from the ground up and the UK is currently renewing its technical structure. This is a benefit for both countries as it indicates the ability to remain competitive internationally. Legally the two countries also differ. Thailand is based on a civil law system and the United Kingdom is common law system. 2.

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Ruscon Model Involvement Red Bull is low in customer involvement. The drink is a convenience product that most people just buy when they get to the store. The consumer does not need to involve themselves when they buy the product. Brand equity Red Bull has very strong brand equity. It was the first energy drink to penetrate the European market and has developed into a brand that is available and involved internationally. With this there come advantages for Red Bull. Their awareness in the market is enormous. Customers are loyal to the brand. Other brands are regarded as imitators; while no other company has as strong a reputation and the same taste.

Often consumers are only aware of Red Bull because of its involvement in extreme sports. Attitude To buy a Red bull can is an emotional choice. You go into the store and you chose to buy it. There is no need to think very much about it which means it is low in involvement and also short buying behavior. Motivation After looking at the model it was clear that Red bull has a strong transformational motivation, but low involvement. Red Bull is a product that is supposed to energize and revitalize the user. It is a product that the buyer needs a positive and functional reason to buy. 3. Maba Model The main difference for Red Bull in the Thai and United Kingdom markets is the size.

In view of the market growth, competition, price sensitivity or the entry barriers there are some slight differences in these two countries. People look at Red Bull differently in Thailand then they do in the United Kingdom. Therefore the market share is larger in United Kingdom then in Thailand. There is more competition for Red Bull in the United Kingdom then it is in Thailand. Red Bull is over all more developed in the United Kingdom then it is <https://assignbuster.com/marketing-activities-by-redbull-assignment/>

in Thailand. They come out quite alike on the Mada Model, but United Kingdom still comes out stronger. 4. Porter's 5 forces Figure 4: Porter's 5 forces model of Red Bull Porter's 5 Forces[3] is an external analysis of Red Bull's competitive environment.

As we can see from the model there are 4 main threats consisting of: Threat of new entrants This is the largest threat for Red Bull. In today's society imitator companies are being created every day. And one of these can actually be better at what they do than Red Bull. This is something Red Bull needs to look after to be sure that they stay ahead of competition.

Bargaining power of buyers The consumers in this market have a great deal of buying power. They can choose which brand and taste they want.

Therefore Red Bull must be diligent in making sure it differentiates itself from the competitors and keeps its value offered high in the eyes of the consumer. Threat of substitute products

Threat of substitute products is the second largest threat after new entrants. This is because Red Bull only has two different products which do not differ so much. They only offer regular and sugar-free varieties. Therefore Red Bull needs to extend their product line. This way they can ensure that they stay a step ahead of the competitors. Rivalry among existing firms There are numerous competitors to Red Bull, but as the market leader Red Bull's market share has not been greatly affected by these late comers. The competitors are targeting Red Bull but as long as they can maintain their brand strength and image then Red Bull will consistently stay out of reach. 5.

MESO-Analysis 5. 1 General Market Information

The history of Red Bull is a two part evolutionary process. TC pharmaceuticals in Thailand developed Krating Daeng (Thai word for Red bull) in the 1970's and throughout the 70's and 80's sold large quantities of the beverage throughout Asia. In 1982, Dietrich Mateschitz, an Austrian marketing director for a German toothpaste company worked with TC Pharmaceuticals to cater the product for European consumers. In 1987 Mateschitz and TC Pharmaceutical owner Chaleo Yoovidhya founded Red Bull GmbH. Mateschitz retained 49% ownership and has full control of marketing and branding outside of Asia. Yoovidhya holds 49% ownership, and his son controls the remaining 2%.

Together they control Red Bull (Krating Daeng) branding and marketing of the original recipe within Thailand via TC Pharmaceuticals. The original Thai Recipe is a non-carbonated sweeter formula, which resembles syrup and is sold in a small medicine bottle. The modified European recipe is not as sweet and is carbonated. Since being released in Europe the modified formula has risen to become the most successful and aggressively marketed energy beverages. Mateschitz aligned the brand image with trending aggressive sports, and placed the product in the middle of popular culture within arms length of all consumers. 5. 1. 1Market behavior Brand building

To build a strong successful brand a number of aspects are needed for the public to be interested in the product. Red Bull made a large effort to become a good brand and it succeeded in its work, but why is that? Quality The quality of a product is very important, especially for a product where there was no market before it was created, such as Red Bull. The quality needs to be consistent and it needs to be delivered flawlessly every time. In <https://assignbuster.com/marketing-activities-by-redbull-assignment/>

contrast to the competitors, Red Bull's name and logo is a strong branding advantage. It is well known and therefore helps ensure a higher market share, as consumers tend to lean towards larger names and industry leaders.

Communications

Communication of Red Bull to the public is through various aspects of the media. There are intensive advertisements in magazines, commercials on TV, websites on the internet, street promotional teams in Red Bull cars, and intensive sponsoring of sporting events (i. e. Red Bull sponsors Thai Kickboxing, and Owns a Formula 1 Team). The amount and direct approach will take slightly different form within each country. First-mover advantage Because Red Bull was fully created by the owners themselves they decided not to make different products next to Red Bull. Sticking to one product was a smart idea because it prevents the consumers and the company's focus from getting distracted between products.

The only exception has been the creation of Sugar Free Red Bull which is responding to the western consumer desire for products with less sugar. This was a smart move since it helped to increase sales even more and increase the advantage over competitors. Long-term perspective Long-term Perspectives lead to important factors in brand-building: the need to invest in the brand over the long-term, building customer awareness, communicating the brand's message, and creating customer loyalty. It requires that Red Bull continually reinvest profits back into their own brand. Red Bull enjoys short term sales but is determined to find long term costumers.

This takes time and is not something done over night. When a good relationship is built then the customers always come back. And it is easier and cheaper to keep current customers than to go out and find new ones.

Internal marketing Finally, management should ensure that the brand is marketed internally as well as externally. By this it is meant that the whole business should understand the brand values and positioning. This is particularly important in service businesses where a critical part of the brand value is the type and quality of service that a customer receives.

International distribution Red Bull is now sold worldwide in over 50 countries.

Unfortunately the drink is not sold in countries among France, Denmark and Norway for example because these countries believe that Red Bull contains too much caffeine for their health restrictions. Distribution of the western formula has not spread into Asia yet, as it currently maintains the original non-carbonated brand. Distribution is as aggressive in Thailand as it is in the UK.

5. 1. 2 Size and segmentation Red Bull follows the psychographic segmentation, based on behavior and personality. It is important for the consumer to feel invigorated, energized, cool, and young while drinking a Red Bull. It is also these people that Red Bull wants to sell their product to.

With doing this segmentation Red Bull can get as many as possible to buy their drink. It no longer is marketed to only truck drivers and low income workers but is targeting to everyone that lives and active lifestyle. Red Bull is a non-alcoholic energy drink and therefore falls under the category of soft drinks. Soft drinks can be divided into sub-segments and one of these segments is energy and sports drinks. These can be divided again into three different categories: ??? Glucose energy drinks ??? Sport drinks ??? High

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energy stimulation drinks Since 1996 the market of soft drinks has grown by 5% and by 1997 it reached a total amount of ? 6. 896bn, which is an equivalent of 10bn liters.

Moreover it can say that the segment of energy and sports drinks represents 2. 6% or ? 177m of the overall soft drink market. Since 1992 an increase of 64% in volume sales can be found within this very young market of energy and sports drinks[4]. The main differences of the mentioned sub-segments of soft drinks are as followed: Glucose Energy Drinks These drinks provide physical energy through glucose or a mixture of sugars, originating from the Lucozade brand. These drinks do not contain any other substantial ingredients such as Lucozade Energy, Lucozade NRJ or Red Card. In 1927 they were originally positioned as a convalescence drink. Sports drinks

These are also known as isotonic drinks, which replace body fluids after sport activities or exercises. Sport drinks help to re-energize and re-hydrate the body and can be taken before, during, or after exercises. These drinks require you to drink large amounts quickly. Examples for this kind of drinks are Gatorade, Isostar and Dexters. High-energy Stimulation Drinks These drinks have ingredients such as caffeine and taurin, which help to increase concentration, endurance, alertness and reactions. This kind of drink is not only designed for athletes, but can also be used for everyone who wants to get stimulated and energized in the mind and body.

Red Bull belongs to the category of high-energy stimulation drinks. Red Bull created this international sector in 1987 and the later segment makes up ? 14m or 8% of the value sales of the energy and sport drink market. Glucose

energy drinks represent the majority of the volume sales with ? 126m or 70%. Sports drinks represent ? 39m or 22%. [5] 2. Competitors Energy Drinks have become very famous in the last decade. During the last ten years, hundreds of them have been established around the world. All of them are marketed as energy spending and as very suitable mixer with alcohol, whereas Red Bull has never formally been associated or condoned for consumption with alcohol. Direct Competitors

Within the market there have only been very moderate developments in the energy drink market. There are only very few serious competitors of Red Bull in the world. These include: Purdey's Gold High Energy Indigo

Price:?? ? 1.

03Price:?? ? 0. 79 Lipovitan

B3Lucozade Energy

Price:?? ? 0.

99Price:?? ? 0. 49 In the

Netherlands the main competition that Red Bull had was a brand called Bullit. This energy drink tasted basically the same, but it was a lot cheaper, like a quarter of the taste. When Red Bull saw this, they solved it with buying the company. Therefore Bullit is not seen as a competitor for Red Bull anymore. 5. 2. 1 Indirect Competitors

Indirect competitors are those from the glucose or conventional energy drink family. The largest distributor of those drinks in England is Lucozade with a wide product range in terms of flavor. Lucozade owns approximately 90% of the market share of sports drinks which probably is the result of high media spending and the tradition of the company (1927). Another indirect

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competitor are juices because some consumers prefer beverages with less sugar content, that are natural and better for you. 6. Micro-environment 1. Mission and Vision Mission statement The mission statement of Red Bull is to provide a product that helps energize and revitalize its users. Therefore Red Bull invented the slogan "Red Bull gives you wings".

It strives to provide consumers with a product that will be beneficial to them while still tasting good and being cheap. Vision The vision of the Red Bull beverage is to maintain its position as the original and primary energy drink in the world. Red Bull wants to reach out to as many people as possible and to help these people in their everyday life and with whatever they do. Red Bull says they want to stimulate the body and soul of their consumers[6]. Mateschitz wants it to be something that people can use and enjoy. The company wants to make their product accessible to the entire world, enabling anyone to reap the benefits of the drink. 2. Market Position and Profitability Market Position

It is very important for a company to position itself in the right market for people to recognise it. This also goes for the energy drink industry. Red Bull is often called the "Porsche" of energy drinks. This is because they are positioned at the top as the best product in the market. Red Bull is perceived as a premium/high margin brand product. There is no other energy drink company to this date that comes close to Red bull's strong position. Because of Red Bull's industry strength they have the possibility to command premium prices from their consumers, as there are few other brands to compare prices with. It offers something few other brands do. Another example of this is the I Pod in relation to the rest of the mp3 Market. <https://assignbuster.com/marketing-activities-by-redbull-assignment/>

In the UK the average price of a Red Bull can is 1.05 which is clearly above its competitor's average price of 1.03. [7] The price expresses the superiority of Red Bull and further on it proves that there are no substitutes. The positioning policy of Red Bull is: premium product, premium price and premium profitability. Positioning is about the position a brand occupies in a market in the minds of consumers. Strong brands have a clear, often unique position in the target market[8]. Red Bull is known by its consumers as a drink that can rejuvenate the user and 'give them wings'. Specifically for students and athletes it is a drink that provides needed strength and energy.

Red Bull also sponsors a lot of events dealing with sports. This gives the public something to relate to and enjoy other than just drinking the drink. It will give the company more recognition and the people more awareness of Red Bull. Repositioning Before Red Bull became really well known the brand had a lot of myths it needed to fight. There were rumors that Red Bull was made of the balls of the bull, or that it is unhealthy, and addictive. The company does not want these myths associated with the Red Bull drink, and therefore Red Bull needed to reposition itself in the market. Red Bull started new marketing campaigns, and to avoid high costs students were hired.

These students went around towns in a Red Bull car and passed out samples. This method of bringing the product to the consumer is constantly combined with entertaining advertising campaigns. For example, Red Bull launched animated commercial campaigns with the slogan "Red Bull 'gives you wings'". These methods stimulate the creativity, freedom and inspiration of the consumers. Profitability Red Bull is now standing as the marked leader when it comes to energy drinks. This again says that their profitability is very

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good. Last year (2007) Red Bull hit an all time high with standing on a 65 % marked share world wide. This made them pull in sales for over \$ 1 billion.

Other competition does not come near this at all. 3. Strategy Through investing a large amount of money into marketing and promotion, Red Bull has become the company it is today. Mateschitz wanted to make fuzz about the brand because there were no Energy drinks before Red Bull so he was standing in an open market without any brand awareness from his target consumers. Red Bull is currently sponsoring over 500 athletes all over the world[9]. Instead of choosing well known super stars as Coca Cola does they chose to use more youthful and edgy people. For example: BMX riders, skateboarders, and Formula 1 Drivers. Red Bull is also sponsoring a lot of surfers all around the world.

After managing to create the brand fuzz, he looked at the packaging. It was essential for him to make a package that the consumer recognized and also made them want the product. This can be seen today as very successful as the can is very recognizable. Nowadays wherever you turn you can see Red Bull. Numerous television commercials rely on humor appeals to attract consumers. On festivals they have big tents were you can only buy Red Bull and then sit down and relax. One strategy that Red Bull goes for is that if Red Bull is sold at a club or bar, no other energy drink is allowed to be sold on the same place. This makes the choice of the consumer easier, but it also makes competition far less.

The strategy all along was to make people aware of the product and have it available for as many people as possible to buy it. 1. Porter and T&W

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Promotional Strategy Red Bull utilizes a “ push” promotional strategy in combination with extensive advertising, public relations, and positive publicity all over the world. Advertising of the product takes place in Thailand in the form of television, print media, urban advertisements, and radio media. The energy drink market in the world is becoming more saturated with competition and is therefore requiring more intensive investments into advertising. Public relations and positive publicity have carried Red Bull over the past 30 plus years.

As a well know company world wide it takes part in assisting its people and promoting sporting events and active lifestyles of most people. The Red Bull logo has also built such a reputation that it is widely reproduced illegally on t-shirts and clothing on Asian markets. Regardless of the legality it has been a great means of integrating the product into a symbol of the nation.

Marketing Strategy Red Bull approaches the world market as a market leader. Being the pioneer of energy drinks it has developed the largest reputation as the market leader. By differentiating their product as the original they also follow a growth plan of integration. Business is expanded and maintained through direct marketing.

Red Bull has greatly utilized sales representatives and sales offices to facilitate in the transfer of their products. Customer value strategy When deciding what to buy, the consumer makes an evaluation of the benefits of the product; a safe home, a roof over your head. This also includes the costs of the product; money, loss of savings, and possible mortgage. The difference between the benefits and the costs is the perceived value. These days the producer needs to be careful how to market the product since the <https://assignbuster.com/marketing-activities-by-redbull-assignment/>

customer needs to think the product is worth more than purchase price. This is a complicated challenge for the producer of Red Bull since a lot of potential customers think that it is only a drink.

So how does Red Bull market their product to make the customer thinks they are receiving great value? In the beginning the product was rather unknown and had a relatively bad name. At its website (Red Bull. com), an enormous amount of content is dedicated to dispelling (unpleasant) myths and criticisms associated with its product. Questions, such as who has examined Red Bull? Is Red Bull addictive? , Is Red Bull a doping substance? , are on the website. Red Bull was also linked with alcohol drinks and some parties where there were unfortunate medical accidents[10]. When Red Bull came to understand these questions they informed the public the best they could through the website. This eased the consumers and they bought more and more Red Bull.

In 1997 the sales went from 1 million cans to 300 million cans world wide in 1998. Red Bull became known as a good brand because of the smart marketing strategies of the founder of Red Bull; Dietrich Mateschitz. In order to reach the consumers without spending millions on advertising he resorted to buzz marketing to stimulate sales. He hired students to drive around in cars with Red Bull cans on the back and hand out free samples at parties and events[11]. This gave the brand a cool, younger image and that is still standing today. Now that Red Bull chased the assumptions away by good information on their website and created a cool brand more and more consumers come and purchase the product.

But still the question remains why people buy Red Bull over the cheaper versions of the Competitor? The reason for this is because Red Bull built a good brand name. The brand is reliable and well known by a lot of people. There are no hidden ingredients since they are all written on the outside of the can and therefore there are no secrets anymore. Red Bull also gives back to the world by hosting big popular events and supports creativity. It sponsors a lot of sports and it is seen a lot on for instance skate boards, sail boats, race cars, motor cycles and surf boards. It is a cool drink associated with sports, creativity, fun and freedom. 2.

Segments and Positioning For now Red Bull segments themselves in the Soft drink category within the UK, and more as a pharmaceutical energy substance within Asia. Both stores are widely available in grocery stores, convenience stores, and gas stations. 3. Branding Red Bull is one of the bigger companies in the world when it comes to branding. Red Bull is no longer only an energy drink that you can buy in a store. It is now a big brand name affiliated with more things. Nowadays you can see Red bull sponsoring even Formula 1 with their own car and team. Other places where you can see Red bull is in the Red Bull Air Race which is held in London every year.

What Red Bull is doing which few other brands do is trying to keep the brand exclusive in the consumers mind. Both air planes and formula 1 are seen as exclusive to most people in the world. Last year Red Bull worldwide used \$600 million, or 30% of revenue, on marketing to make their branding better. [12] 4. Targeting The target group for the energy drink is everyone who likes to drink energy drinks. And this is mainly the way Red bull wants it to be in both the UK and Thailand. They want to target everyone that they <https://assignbuster.com/marketing-activities-by-redbull-assignment/>

can possibly target. There is an age restriction on the drink which is from 0 ??? 16 years old. Anyone younger than this age should not be able to buy the drinks anywhere.

Therefore Red bull is targeted to everybody over the age of 16 that is active. Though in the UK there is said to be three main stereotyped users that can be identified. The Athlete: Physically active individuals that use the beverage to regain energy and maximize athletic performance. The Worker: Within the UK this term is general covering managers to construction workers. Within Thailand this maintains to be the primary target market. Thai workers have multiple jobs and drink Red Bull to keep them productive. The Clubber: This category is fairly new. In recent years consumers began to mix Red Bull with alcohol. Red Bull sells now 34% of its units within bars and clubs.

It is almost impossible to find the right target group, the reason for that is because of the various applications of Red Bull. Hence a clear cut categorization in age groups and socio-economics groupings is not feasible. But what we can be sure of is that the typical Red Bull drinker is dynamic and active, the gender does not play any role at all. But it is more likely that more less younger people who really like to go out fall for Red Bull. 4. SCA and CC 1. Sustainable Competitive advantage The sustainable competitive advantage that Red Bull has is its brand awareness and recognition. Red Bull was the first energy drink on the market. This is a large advantage for Red Bull because they could get recognition for their product before anybody else could.

Their brand name has become so large that a lot of newcomers struggle to manage through the first year because Red bull has such a large market share. 2. Core competencies The core competence of a Red Bull drink is that it makes you work a bit harder, and your brain becomes a bit clearer for a while. 5. Marketing Mix 1. Product Red bull has recently released one new product which is a Red Bull cola which is a mixture of Red Bull and coca cola. The other new product they have is Red Bull Vodka, which is a mixture of modified Red Bull and Vodka. Neither of these products is discussed in this report because they just are being released and therefore information is very limited. Core product Picture 1: Red Bull cans Red Bull's effects are appreciated throughout the world by top athletes, busy professionals, active students and drivers on long journeys[13]. " This raises the question; what is the buyer actually buying? This question directly refers to the core product. What draws people to Red Bull all over the world is the special ingredient that keeps you alert and awake when drinking it. Red Bull raises concentration and reaction speed. It will also increase vigilance after drinking. This means that the herbs in the drink make you more alert than you were before. Red Bull has a lot of advantages and the speeding of the body's metabolism is one of them. Red Bull ?? Energy Drink supplies tired minds and exhausted bodies with lost substances and reduces harmful substances. It provides immediate energy and vitamins[14]. " Actual product Red Bull's actual product is a canned or bottled energy drink that gives the consumer more energy and is also enriched with vitamins to create the perception of healthy qualities. The packaging is clearly identifiable as Red Bull based on the packaging. Within the UK the colors of Red Bull make it clear that it is indeed the ' real' Red Bull, but also the distinctive Red Bull bulls on the side and the <https://assignbuster.com/marketing-activities-by-redbull-assignment/>

Red Bull name on the drink are obviously present on the container. The outside of the can has is a dark blue color mixed with grey/silver.

The intensity of the blue can vary depending on whether or not the can is Red bull light version, or the original Red Bull. Within Thailand the beverage is still labeled as Krating Daeng (Red Bull in Thai) but is sold in a gold can or a brown medicine bottle with the blue and silver label. The gold can with more substance is more appealing to Asian consumers based on color and quantity preference. Augmented product Red Bull has no special after-sale service but it does claim that if for what ever reason a customer is not 100% happy with its purchase then it will respond to their complaint. 2. Price The price of a Red Bull can varies from country to country. This is because they realized that 4 euros in Thailand is expensive, while rather cheap in UK for example.

Therefore Red Bull goes into every country and checks out their economy to come with the appropriate price for the product. However Red Bull is said to be a bit expensive. This is because (Explained earlier in the report) they see themselves are a premium brand and likes to set their price up to those standards. In the United Kingdom the price of a Red Bull can is about 1, 5 pounds, this equals to around ??? 2, 5. In Thailand the drink can be bought for a quarter of this price, but is called Krating Daeng. It can be questioned why people still buy Red Bull at this price. There are other options out there that are just as good as Red Bull, but people still buy it. This is because Red Bull has managed to put up a brand name of its own.

In the UK people are willing and able to pay more to get the “ real” product. Red Bull is consistently referred to as the best quality so for good results it is the best option. In Thailand it is marketed to the lower and middle classes as a productivity enhancer rather than an everyday beverage. Therefore they keep it cheap to maintain high sales and create dependency for the product within the working class. 3. Place The strategy that Red Bull uses for distribution is an intense distribution strategy. This means that they want the product to reach as many people as possible. Therefore you can find a Red Bull can in as many places as possible.

This varies from normal super markets, clubs, bars, night shops, cafe’s, sport centers etc. They hope to reach a larger target group with doing this. In both UK and Thailand they depend on extensive sales representatives and distribution offices to ensure that every vendor possible is distributing the product. What makes Red Bull so special is that they often have stands at events were you can only buy Red Bull. This is because they know a lot of people that go to different events actually drink Red Bull. If a night club sells Red Bull, then they are not allowed to sell any other energy drink brand. This narrows the possibility for the consumer and it makes it easier to choose.

Promotion

Red Bull is said to have one of the most amazing marketing and promotions budgets in the world which is where the majority of money is reinvested in. And they are very successful with it. Their promotion strategy can be put into three bars. These are Media Advertising, Sports and event sponsoring and sampling. Media Advertising Red Bull uses all the available media channels, including cinema, TV, radio, press and the internet. In other words the <https://assignbuster.com/marketing-activities-by-redbull-assignment/>

company focuses on the media most often used by younger more active individuals. Therefore they advertise in TV shows like T. F. I. Friday and in magazines like Time Out and Men's Health. Their advertisements in the different media channels are very successful. They allow the consumers to interpret the product and the moments of use themselves.

Red Bull achieves this by a humorous and witty cartoon campaign, transferring the message that this energy drink helps you to escape by `giving you wings ?. The idea of communicating with the consumer in form of a simple cartoon is easy to understand. People do not only enjoy the campaigns they even remember what the product is called and what it delivers, which is the most important characteristic for a successful campaign. Sports-and Event-Sponsoring The company also implements sponsoring in their marketing mix strategy. Sponsoring supports the image, the credibility and the visibility of the product. On the one hand Red Bull sponsors the athlete target market in extreme sports such as free climbing, paragliding and motor sports.

As previously stated it is heavily involved in Formula 1 and has invested millions in building a competitive team. Within Thailand its reputation exploded through it becoming the primary sponsor of the countries national sport, Thai Kickboxing. Every fighter in Thailand wants to wear shorts that have the Red Bulls on the side. This strategy contributes to Red Bull that the brand appears (logos and stickers) and that the product ? s target market is more precisely defined. On the other hand Red Bull does event sponsoring. The company either creates its own events (i. e. Red Bull Music Academy)

where the whole events are promoted by Red Bull or they promote other events (i. e.

Speed Ski World Championship). Event sponsoring attracts people's attention towards the product and connects them to the corporate vision. Sampling Sampling is another very important part of the three pillar marketing system. The methods used are well tested and proven in other markets. The major purpose of Red Bull is to energize, the company offers samples at the right place at the right time, where it can find its exact target market. Examples of usage are driving, studying, working night shifts and sports. Red Bull is following the basic sampling rules consisting of: ??? never impose the product ??? always explain the benefits of the product drink always a full can(250 ml) ??? It must always be chilled ??? Always be cautious about whom your are giving the sample to This year 8 teams will sample 400, 000 consumers across the UK. Because of its 30 years of existence within Thailand samples are no longer utilized. 4. Personnel In regards to personnel it is essential that they are work as hard as possible to make the product a success. With Red Bull this starts with the owners Dietrich Mateschitz, and Chaleo Yoovidhya. Each is in charge of operations within their respective regions. Both are extremely devoted men and have invested a great deal of time to improve on Yoovidhya's original recipe.

It was Mateschitz vision taking the product international through the aggressive use of young energetic sales teams that turned it into the massive beast it is today. Within both nations working for Red Bull reflects a sense of pride. More in Thailand though because it was created there.

Working for Red Bull has a lot of advantages. For example every account <https://assignbuster.com/marketing-activities-by-redbull-assignment/>

manager at Red Bull is driving a large Red Bull hummer. Other advantages are extra vacation days, 13 months pay, freebies, work trips, free tickets for several events etc. Red Bull wants their employees to enjoy what they are doing because they believe this will affect the way the employees are working. They find it very important to properly represent their company.

It is said that Red Bull is one of the hardest companies to be hired to because they set high standards for their employees. They want every employee to be a perfect fit. Red Bull is getting larger and larger for every day that passes by. 6. SWOT Analysis Figure 3: SWOT Analysis | | | |

Strengths	Weaknesses	Primary Market Entrant / defined the industry		
Limited product line	Large brand recognition	No flexibility with formula		
Over 30 years of experience	Matured brand image	Control of pricing		
High price	Strong reputation	Marketing strategy and large reach		
Opportunities	Threats	New design	Increasing competition	New product line
Can offer new flavors and versions of the product	Health trends might urge users to not rely on energy drinks	European formula of Red Bull may taint the reputation, image, and	Can pursue African markets and introduce European formula into	popularity of Thai formula
			Asia	Bad press in regards to medical symptoms of the drink
				People lose interest in the flavor

7. Future Recommendations Through analyzing Red Bull's business operations we have developed several recommendations for the company. The greatest threat within both markets is the company's complacency in evolving its product line. As strong as Red Bull is today once the maturity phase sets in the public will become bored. We suggest that

Red Bull expand their line of energy drinks potentially venturing into the herbal iced green tea energy drinks.

Red Bull energy bars to associate with working out may be another means of increasing the company's visibility. We currently see Red Bull at the forefront of active living beverages. Therefore within the UK they should try to offer the entire package ranging from nutritional supplements, protein shakes, to energetic meal options. We feel that their website is underdeveloped and can incorporate more interactive content including fitness/ nutrition advice, sport tips, and active living testimonials. These suggestions fit for both markets as they will resolve each regions weakness. Within Thailand extra emphasis needs to be put on online media as there currently is no link from the company to the consumer. Conclusion

Because Red Bull started created the energy beverage industry on the international scale it is now a very successful and powerful brand. Red Bull is well known in United Kingdom as well as Thailand. It made smart moves considering promotions and marketing to make the brand stay ahead of the fierce and increasing competition. In the countries that are analyzed it has become clear that Red Bull is an unbeaten brand. In both the countries the drink is perceived differently. In Thailand the drink is more linked to a pharmaceutical purpose whereas in the UK the drink is more used for recreational purposes. In both of the countries and for Red Bull in general there are threats and opportunities.

To stay ahead of the competition Red Bull can change the image of the brand; make it a more stylish product than it is now. The brand has not

changed its packaging in years and changing it can make a difference in sales. In Thailand the brand is also well known and has large sales, but here there are also more competitors making their way into the market. One of the main strong points of Red Bull is the original recipe, but at the same time new flavors and additional features of the drink can contribute to increasing sales and more customers. References Website of BBC (2008) visited 17. 03. 08; <http://news.bbc.co.uk/1/hi/uk/1437154.stm> Website of Brand Cameo (2008) visited 16. 03. 2008; http://brandcameo.org/features_profile.asp?pr_id=44

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Appendices DEPEST- Factors chart DEPEST-

Factors | UK | Thailand | | Demographic Developments | Population: 60, 587,

300 | Population: 64, 631, 595 | | Male/Female Ratio: 46%: 54% |

Male/Female Ratio: 49%: 51% | | Number of Households: 21, 263, 035 |

Number of Households: | | Family households: 2, 648, 025 | Family

households: 8. 8 million | | Average age of the Population: | Average age of

the Population: 32. 4 | | 39, 0 (Increasing) |(increasing) | | | | Economic

Developments | Unemployment rate: 5, 4 % | Unemployment rate: 1. % | |

Economic Growth: 3. 1 % | Economic Growth: 4% | | GDP: \$2. 270 trillion?? |

GDP: \$585. 9 Billion | | Per Capita Income: \$37, 328 | Per Capita Income: 9,

100 | | Inflation Rate 2, 3 % | Inflation Rate 2. 2% | | Political (Law)

Developments | Sales Tax Rate: 17, 5 % | Sales Tax Rate: 7% | | Income Tax:

10??? 45 % | Income Tax: 5-35% | | Ecological/ Ethical Developments | Kyoto

agreements | Kyoto agreements | | Socio-Cultural Developments | Consumer

Behavior | Consumer Behavior | | Hofstedes cultural Dimensions | Hofstedes

cultural Dimensions | | Technological Developments | High Technological

Area | High Technological Area | ————— [1] [https://www. cia.](https://www.cia.gov/library/publications/the-world-factbook/geos/th.html)

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————— Figure 1: Ruscon Model Table 1: Maba Model Figure 2: Maba Model Picture 2: Thai Red Bull Can