MBA631A

Brand Assignment - Group 2

RedBull®



Group Members

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Roll Number

Background:

In the summer of 1982, an Austrian businessman Dietrich Mateschitz found himself suffering from jet lag during a business trip to Thailand. He tried a local drink called Krating Daeng (loosely translated to 'Red Bull'), which improved his jet lag substantially. Inspired by the magical qualities of the product, Mateschitz decided to bring the product home in the form of a new product category - Energy Drink.

He pitched his idea to various investors but got turned down because they didn't see a market for the product. And so, Mateschitz decided to create one. He invested half a million himself, and teamed up with the boss of Krating Daeng with another half million for half of the company. Mateschitz adapted the formula and flavor for the European market and successfully launched the product in Austria in 1987.

The drink was initially banned in Germany, which unexpectedly profited Red Bull as an outlaw brand. Many young Germans would

cross the border to Austria to buy the banned energy drink, and Red Bull sold over a million cans in their first year. From Austria, it quickly spread across Europe. When they entered the US market three years later, Red Bull was selling over a million cans every day!

Today, Red Bull is the largest seller of Energy Drinks in the World selling more than 9.8 billion cans in 2021 alone. That's more than 20 million cans every single day. As of Oct 2021, Red Bull is valued at more than 16 billion euros. Mateschitz has 49% ownership of Red Bull while the remaining 51% is owned by Thai billionaire Chaleo Yoovidhya.

4P Analysis:

Price

Red Bull follows a <u>True Localization based Geographic Pricing Strategy</u> with different prices adjusted to different markets aiming to garner local appeal and boost their perceived values. This pricing strategy allows Red Bull to command a price fine-tuned to the purchasing power of the target customers and their willingness to pay. Companies adopting the regional pricing model have shown better growth especially in the Asian markets where customers are willing to pay up to 60-70% of US market prices according to profitwell.

As of April 2021, the manufacturing cost of one can of Red Bull is around 0.09USD and the avg price of a Red Bull can is 1.72USD. The lowest being in Turkey with 0.40USD and the highest prices being in the Philippines at 4.77USD. Red Bull's prices in some of its biggest markets as per the GlobalProductPrices are graphed below -



GlobalProductPrices.com

Red Bull's pricing in India- A 250ml can of standard Red Bull will cost you ₹115 as of June 2021 according to big basket. Red Bull editions and flavors are priced the same. Red Bull, owing to its premium brand equity through positive value positioning based on quality and the perception of an energy rich adrenaline filled experience charges a higher price over its competitors the likes of Monster Energy and Sting. Standard Variants of Red Bull Prices vs Other energy and soft drink brands in India -



BigBasket.in

Product

Red Bull Energy Drink

The iconic blue and silver cans of the Red Bull Energy Drink are a familiar sight these days. After all, more than 9.8 billion cans were sold in 2021 increasing 24% over 2020, an already very successful year. The standard Red Bull is the most popular and widely available offering. The key ingredients of a Red Bull drink are -

- Caffeine 75 mg/250ml
- Carbonated Water
- Sugars sucrose and glucose, aspartame, and sucralose for sugar free RedBull
- Taurine 0.4%
- Vitamins B6, B12, B2 and Niacin
- Inositol and Glucuronolactone
- Artificial Colors and flavors

Red Bull primarily offers Energy to the consumer, and very little focus is given on its taste.



		Nutritional Info (per 100 mL)
Energy		195 kJ (46 kcal)
Fat	Saturates	0 g
Carbohydrates	Sugars	11 g
Protein		0 g
Salt		0.1 g

Line Extension: Editions

Red Bull offers several flavors or editions like Orange edition - tangerine, Green edition - kiwi twist, summer edition - coconut, red edition - cranberry, purple edition , lime edition , limon, grapefruit and many more flavors and editions.

Red Bull also offers sugar-free editions and the calorie-less Zero Edition for its health-conscious customers.













































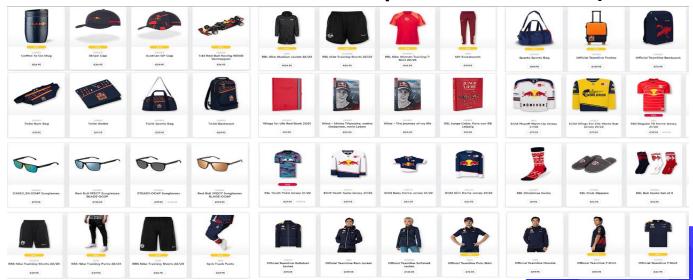


Alpha Tauri is a stand-alone fashion brand founded out of Red Bull. Alpha Tauri is a high-end fashion brand with emphasis on minimalistic high-quality designs with prices ranging from 30 euros upwards to 1000 euros. Red Bull also owns the Alpha Tauri F1 team to promote the fashion brand. Alphatauri has outlets in London, Paris, and Milan.

Accessories- Hats, scarves, socks, underwear, wallets, purses, bags and more; Clothing -Sweatshirts, footwear, hoodies, t-shirts, dresses, skirts, trousers, shorts, tops, and more.

Brand Extension: Merchandise

Red Bull sells its merchandise and team affiliated merchandise either through the webpage of the specific team or through temporary stalls during a sporting event where Red Bull is the owner/sponsor of a team in that event. The merchandise themselves are not marketed but are sold entirely to and because of the fanbase created for their team. Red Bull offers a wide variety of accessories and clothing apparels ranging from Hoodies, Overcoats, Team-branded T-shirts to Caps, key chains, Miniature models, books, stationary, gloves, goggles, lanyards and much more. Some of Red Bull's products - RedBullShop.com



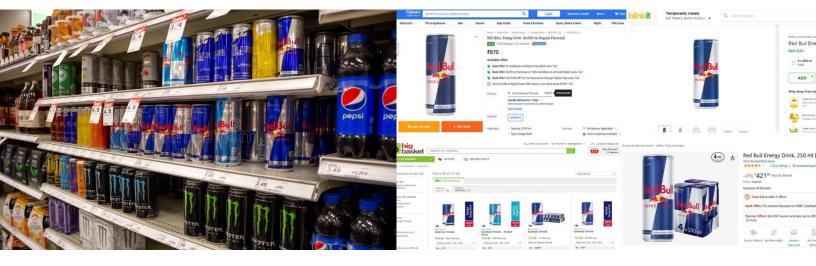
Place

This element of analysis enumerates the locations where products are offered, and customers can purchase them. Red Bull follows an intensive distribution strategy working with multiple distributors and wholesalers worldwide, providing both online and brick & mortar retail purchasing options -



Brick & Mortar Retail Stores - These include departmental stores, grocery stores and small retail stores.

Online Suppliers - Red Bull's own online stores deliver worldwide a range of clothing, footwear, books, headwear, toys and a variety of accessories. However, Red Bull doesn't sell its drink through its official online stores. Red Bull packs and cans can be purchased from all major online retail distributors and online grocery distributors like Amazon, Flipkart, Big Basket, BlinkIt and so on.



Red Bull drinks are manufactured by the Austrian beverage company Rauch Fruchtsäfte with manufacturing plants in Nüziders, Austria, and Wildenau, Switzerland. Red Bull also operates a plant in Glendale, Arizona for the American market in cooperation with Rauch and the American manufacturer, Ball Corporation. Aluminum is used to make the cans for the prepared drink. Red Bull claims its cans are 100% recyclable and are 60% lighter than a decade ago thus offering an advantage while transporting. Also aluminum cans offer great durability and take up 40% less space than glass bottles and 30% less space than PET plastic making the transportation safe and efficient.

Today, Red Bull operates in 172 countries selling more than 9.8 billion cans in 2021. The biggest Red Bull distributor in India is the Mumbai-based Rahul Narang Group, other major distributors include Sonali Traders, Red Bull India Pvt. ltd. and many small

distributors all over India with distributor establishment fee being between 14lac and 20lac according to Justdial.

Red Bull's biggest market is in the USA. Private distributors like The Beverage Works have been distributing the drink since 2000. In 2009, the Red Bull distribution Company was founded to distribute Red Bull products in the United States to better facilitate its biggest market, bring down shipping costs and cope with high demand and unforeseen supply shortages. Based in Santa Monica, California RBDC today operates distribution centers in 27 American states and 3 Canadian provinces and is responsible for more than 50% of Red Bull volume in NA through its over 100 facilities in the United States. The RBDC in 2018, crossed the 1 billion cans distributed mark and has already crossed the 900 million mark as of June 2022.

Red Bull has plans to open manufacturing, filling and distribution centers in Cabarrus County, North Carolina and Glendale, Arizona spending over a billion dollars to cater to the American market.



RBDC's Distribution centers across 27 states in the US (Red Bull's biggest Market)

RedBullDistributionCompany

Promotion

Early Stages

To create a market for the product, Red Bull first focused on the club scene. It was hard to imagine a student party without several packs of Red Bull on hand. 'Student Brand Managers' were popular university students encouraged to promote Red Bull on their university and campuses and to throw parties at different locations, with drinks supplied entirely by Red Bull. Volkswagen Beetles with larger-than-life Red Bull cans showed up at beaches, at colleges, and even office buildings with free samples.





Bartenders soon learned that this new drink was a money machine. Several mixes of Red Bull and different hard liquors soon became popular drinks in bars everywhere. The beverage was sold at nightclubs and festivals around the world, creating a huge competitive advantage for the Austrian brand. But this was only the beginning of the Red Bull marketing machine.

The "Gives You Wings" Campaign



Red Bull has been making commercials with the slogan "Gives You Wings" since 1997 and has been continuing to do so. The advertisements consist of simple, clever and creative visualization of people able to perform extraordinary and impossible tasks after consuming a can of Red Bull. It is basically metaphorically conveying the high energy content that the drink offers to the consumer.

The advertisement is targeted towards the youth, athletes, adventurous and the working class of people. These are the people who would need a lot of energy supplements to stay active.

Ownership and Sponsorship of Sports Teams

Large part of the global marketing campaign of Red Bull is linked to extreme sports. Red Bull owns and sponsors various teams in various sports such as MotoGP, Formula 1, Ice Hockey, mountain biking, skateboarding, snowboarding, NASCAR, rowing, kayaking, etc. Red Bull also owns multiple football clubs - Red Bull Brasil, Red Bull Salzburg, Red Bull Leipzig, New York Red Bulls based from Brazil, Austria, Germany and The United States respectively.





This gives a massive boost in Red Bull's marketing strategy through sponsor logos on cars and apparels or through promotion of their product via their athletes. This creates instant recognition of the brand from the fans of the specific teams. Red Bull also sponsors elite individual athletes.

Conducting Various Extreme Sports Events

In addition to participating in various sports with its team, Red Bull also hosts many unique sporting competitions. Red Bull's most famous sports events are the Red Bull Soap Box Race, Red Bull Crashed Ice, Red Bull Flugtag (German for 'flight day'), Wings for Life World Run, etc.

Promotional Stunts

organizes promotional events with their motorsports teams, from running their F1 cars on snow to . On Red Bull's social platforms, you can always find extreme events ranging from dirt bikes to Red Bull is well known to organize outrageous stunts and events which are viewed by million on all social media platforms. Famous stunts like Felix Baumgartner's free-fall from space, Nicoli Rogatkin's crazy bicycle ramp jump and Airport parkour have generated over 300 million views on YouTube. Red Bull also speed boats to stunt planes. Through these events Red Bull aims to position itself as an adrenaline filled adventurous brand that drives its audience to challenge themselves and have an energized experience.



Media and Music

Red Bull Media house is Red Bull's in-house media platform offering both direct-to-consumer and through partnerships. They license and broadcast a wide selection of sports, events, stories and even short films on all platforms from mobile, TV, digital, audio and print.



Red Bull records is an independent record label with genres hip hop, hard rock, rap and more. They help music artists build their careers from the ground up assisting them in developing their skills and kickstarting their publicity and marketing. Through these brand extensions, Red Bull wishes to use its existing brand equity to diversify its offerings, reduce its dependency on just drinks and expand its reach by tapping into new crowds.

Red Bull @ IITK

Red Bull sponsors events in many Colleges in India. One recent example is them sponsoring a ProNight with a popular DJ, Ritviz in Antaragni. Red Bull Parkes their iconic Bus instead of a stage and set up several tents to sell Red Bull.





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