

Competitive Dynamics and Pricing Strategies

A Case Study of Energy Drink Market

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Abstract -- This research paper examines the competitive dynamics and pricing strategies of Red Bull and Sting, two prominent energy drink brands in India. By analyzing factors such as market share, consumer preferences, distribution channels, and marketing strategies, the study aims to understand how price competition has influenced the behavior of these brands. The paper employs a mixed-methods approach, combining quantitative and qualitative data to provide a comprehensive analysis. The conclusions highlight the importance of pricing as a strategic tool in the energy drink market and the ongoing need for brands to adapt to changing consumer preferences and competitive pressures

Keywords—energy drinks, Red Bull, Sting, price

I. INTRODUCTION

The energy drink market in India has grown significantly in the past decade, with Red Bull and Sting being key players. This research paper examines the competitive dynamics and pricing strategies of these brands, focusing on the interplay between price competition and brand behavior. The study uses a mixed-methods approach to analyze market share, consumer preferences, distribution channels, and marketing strategies. Key findings reveal Red Bull's dominance in market share, Sting's aggressive pricing strategy, and evolving consumer perceptions of value in the energy drink category. The paper emphasizes the importance of pricing as a strategic tool in the market. [1] [2]

II. OBJECTIVE

This study's main goal is to examine the pricing tactics used by Red Bull and Sting in the Indian energy drink industry. The purpose of the study is to determine how customer behaviour, brand loyalty, and market rivalry are impacted by these pricing schemes. Through an analysis of how pricing affects market share and consumer perceptions, the study aims to shed light on the relative merits of various pricing strategies used in the energy drink industry.

III. SCOPE OF THE STUDY

This study will focus on the energy drinks produced by Red Bull and Sting, specifically analyzing their flagship products: Red Bull Energy Drink and Sting Energy Drink. The geographical scope of this research is limited to India, a rapidly growing market for energy beverages. The analysis will consider various factors, including pricing strategies, promotional activities, distribution channels, and consumer preferences. By focusing on this specific market and product

range, the study aims to deliver targeted insights into the competitive dynamics between these two brands. [3]

A. Research Design

This research employed a mixed-methods approach to analyze the competitive dynamics and pricing strategies of Sting and Red Bull in the Indian energy drink market:

1) *Surveys*: Conducted online and offline surveys targeting a diverse consumer group to collect quantitative data on brand preferences, loyalty, and price sensitivity. Key questions focused on purchasing habits and perceptions of each brand.

2) *Market Analysis*: Performed a comprehensive market analysis using secondary data from industry reports and sales figures to assess market share and competitive positioning. Statistical tools were used to identify trends and patterns.

B. Research Methodologies:

The research methodologies for Red Bull and Sting include both quantitative and qualitative approaches. For Red Bull, quantitative research involves analyzing its premium pricing, market share, and customer demographics through surveys and sales data. Qualitative research utilizes focus groups and interviews to assess brand perception related to extreme sports. Case studies examine Red Bull's market entry strategies and global sponsorships, while mixed methods combine quantitative and qualitative insights to explore consumer engagement. [1]

In contrast, Sting focuses on affordability-driven markets. Quantitative research uses surveys and sales data to target price-sensitive consumers, while qualitative research explores consumer emotions about Sting's budget-friendly image. Case studies analyze Sting's market entry and localization strategies, and mixed methods blend surveys with focus groups to assess how affordability influences consumer behavior. [3]

IV. MARKETING STRATEGIES

A. Brand Positioning

1) *Red Bull*: Red Bull positions itself as a premium energy drink targeting active, high-performance individuals. Its marketing campaigns are centered around extreme sports,

adventure, and adrenaline-pumping events (e.g., Red Bull Stratos, Red Bull Racing).

2) *Sting*: Sting, often priced more affordably, targets a broader audience in developing markets. It focuses on youth-centric promotions and partnerships with local influencers and sports events. [5] [2]

B. Sponsorship and Event Marketing

1) *Red Bull*: Sponsorship of extreme sports, music festivals, and gaming events helps Red Bull build a brand identity of excitement and adventure.

2) *Sting*: Often seen sponsoring local sports and entertainment events, Sting emphasizes an energetic lifestyle, though less niche-focused than Red Bull.

C. Advertising Channels

1) *Red Bull*: Heavy investment in content marketing with high-quality video production (e.g., Red Bull TV, YouTube channels). It also leverages social media influencers and viral campaigns.

2) *Sting*: Primarily leverages mass-market advertising, often through television and social media, especially in regions like Southeast Asia, focusing on affordability and energy benefits. [1]

D. Brand Positioning

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E. Product Innovation

1) *Red Bull*: Continuously introduces new flavors and limited-edition products, targeting premium and niche markets (e.g., Red Bull Zero, Tropical Editions).

2) *Sting*: While not as heavily focused on innovation, Sting appeals through its affordability and basic energy-boosting promise, sometimes introducing new flavors to keep pace with local preferences.

F. Pricing Strategy

1) *Red Bull*: Uses a premium pricing strategy, positioning itself as a high-end product.

2) *Sting*: More competitively priced, aiming to attract cost-sensitive consumers in emerging markets.

G. Global vs. Local Approach

1) *Red Bull*: Red Bull takes a globalized approach with consistent messaging across regions but tailors its events and sponsorships locally.

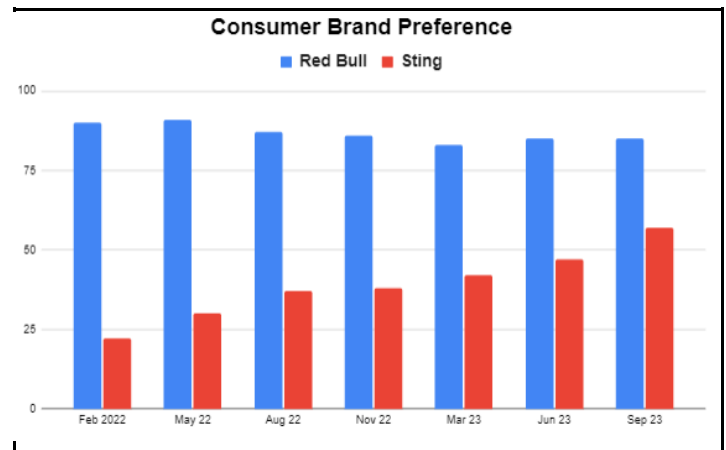
2) *Sting*: Focuses on localized campaigns, especially in developing markets like India, Pakistan, and Southeast Asia, where affordability and mass appeal are key.

V. ANALYSIS OF PRICING STRATEGIES

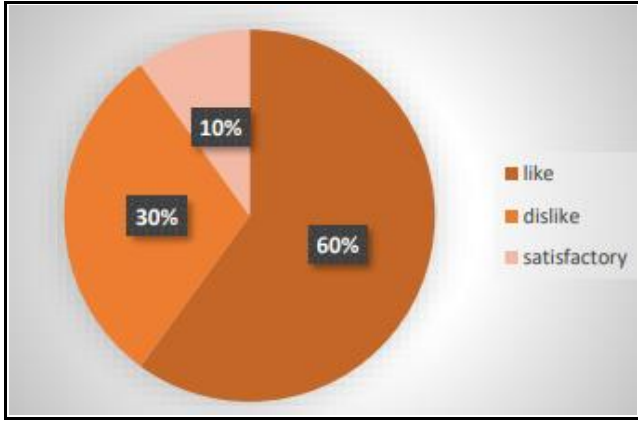
A. Consumer Brand Preference

1) With a price well below that of most other energy drink brands in Egypt (Red Bull, Power Horse, Hype Energy) and cleverly targeted communication, Sting seems to have quickly found its way into the hearts (and wallets) of Egyptian energy drink consumers.

2) Indeed, consumers' preference for Sting jumped from 22% in early 2022 to 57% in Sept 2023. During that period, Red Bull, which started from a very high base (90% in Feb 22) slowly lost a few % points. Price can be a decisive consideration in the choice of a non-alcoholic drink, especially at a time of inflation in Africa and the rest of the world. [3]

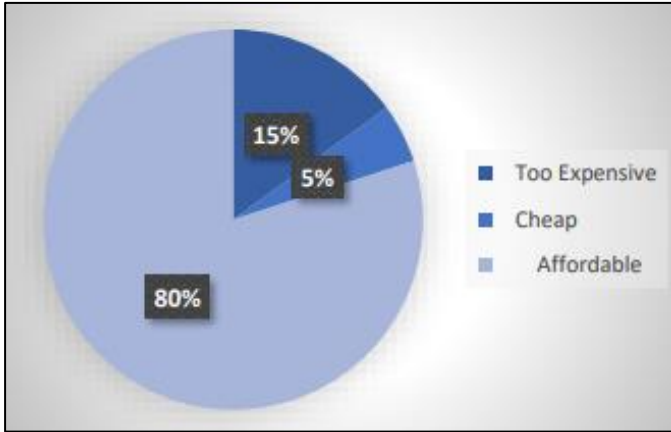


B. Evaluation of the flavor of Sting Energy Drink from Consumer



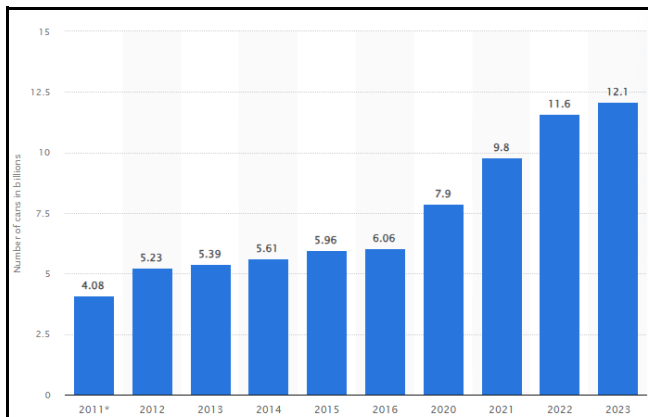
C. Cost of Sting accordingly to consumer

The survey findings about a product or service's perceived affordability are displayed in a pie chart. Eighty percent of respondents said it was affordable, fifteen percent said it was too expensive, and five percent said it was cheap. [6]



D. Number of Red Bull cans sold worldwide from 2011 to 2023(in billions)

The chart shows the number of cans sold annually from 2011 to 2023. Sales generally increased over the years, with a significant jump between 2020 and 2021. In 2023, the number of cans sold reached its highest point at 12.1 billion. [5]



E. Nutritional Information

TABLE 1
Nutritional Information of Red Bull and Sting (250ml)

Nutrient	Red Bull	Sting
Calories	85	70
Fat	0g	0g
Carbohydrates	21g	17.5g
Sugars	21g	17g
Protein	0g	0g
Sodium	0.1g	0.256g
Caffeine	80mg	80mg
Taurine	1000mg	1000mg
B Vitamins	B3, B6, B12	B3, B6, B12

F. Product Ingredients

TABLE 2
Comparison of Red Bull and Sting Ingredients (250ml)

Ingredient	Red Bull	Sting
Caffeine	80 mg	80 mg
Sugar	27 grams	27 grams
Taurine	1000 mg	1000 mg
B Vitamins (B1, B2, B6, B12, Niacin)	Present	Present
Glucuronolactone	Present	Present
Ginseng	Present	Present
Guarana	Present	Present
Carbonated Water	Present	Present
Acids (Citric, Phosphoric, Malic)	Present	Present
Flavorings	Present	Present
Color (Caramel E150d)	Present	Present
Sweeteners (Acesulfame K, Sucralose)	Present	Present

G. Pricing Strategies

1) Red Bull:

I) *Premium Pricing*: Red Bull typically commands a premium price of around 20-30% higher than generic energy drinks. For example, while a generic energy drink might retail for 50 -60 rupees, Red Bull could be priced at 100-120 rupees.

II) *Consistent Pricing*: Red Bull has maintained a relatively consistent pricing strategy over time, with minimal fluctuations.

III) *Limited Discounts*: While Red Bull may offer occasional promotions or bundle deals, these are typically limited in scope and do not significantly deviate from the brand's premium pricing. [4]

2) Sting:

I) *Promotions and Discounts*: Sting frequently offers promotions, such as buy-one-get-one-free deals, discounts on multi-packs, or limited-time offers. These promotions can help to increase sales volume and attract price-sensitive consumers.

II) *Regional Variations*: Pricing for Sting may vary across different regions or markets, with prices being lower in areas with higher competition or lower consumer income levels.

H. Factors Influencing Pricing

1) *Cost Structure*: The cost of production, including ingredients, packaging, and marketing expenses, plays a significant role in determining pricing. [6]

2) *Consumer Perception*: The perceived value of the product in the eyes of consumers is a key factor. Red Bull's premium branding allows it to charge a higher price, while Sting's focus on affordability influences its pricing strategy.

3) *Competitive Landscape*: The presence of other competitors in the market can impact pricing decisions. If competitors offer similar products at lower prices, Red Bull and Sting may need to adjust their pricing accordingly.

4) *Economic Conditions*: Economic factors such as inflation and consumer spending can influence pricing. During economic downturns, consumers may be more price-sensitive, leading to potential price reductions. [7]

5) *Regulatory Environment*: Government regulations, such as taxes or restrictions on certain ingredients, can affect pricing.

VI. COMPARISON AND DISCUSSION

A. Market Share and Target Demographics

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in the choice of a non-alcoholic drink, especially at a time of inflation in Africa and the rest of the world.

VII. SUMMARIZE KEY FINDINGS

Red Bull and Sting have different pricing strategies, with Red Bull focusing on premium pricing and Sting offering affordable options. Factors influencing their pricing decisions include cost structure, consumer perception, competitive landscape, economic conditions, and regulatory environment. Red Bull's strong brand image allows it to maintain a higher price point, while Sting's competitive pricing attracts price-sensitive consumers. Both brands are expected to adapt their strategies to changing market conditions and consumer preferences. [3] [5]

VIII. CONCLUSION

The two most popular energy drink brands worldwide are Red Bull and Sting. Red Bull's wide distribution network, potent marketing campaigns, and well-known brand make it the industry leader. Conversely, Sting has become more popular in developing nations, providing a less expensive option. Red Bull and Sting have different pricing tactics that have an impact on their market positioning. Red Bull targets rich consumers, whereas Sting focusses on price-sensitive consumers.

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Note: For American English usage, the term is spelled without an "e" following the "g," and it appears as "Acknowledgments."

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