Marketing Plan Outline: Red Bull

Marketing Background

Company and Product Review

In 1982, Dietrich Mateschitz, creator of Red Bull alongside Chalerm Yoovidhya, saw where Japan and Thailand were heading in the energy drink market and decided they wanted a piece of the pie. By 1987, Austria proved to be a difficult market for Red Bull to survive in and soon Mateschitz expanded into Hungry and the rest of Germany. After expanding across Europe with a lot of trial and error Red Bull was $12 million in the hole. Rather than scrapping Red Bull as a loss, Mateschitz fired all his staff and hired a marketing firm to help him target nightclubs and students. Buzz marketing became the main focus of Red Bull’s marketing plan, and soon students were pounding campus pavement and driving around in Mini Coopers with a big Red Bull can strapped on top with free samples. His buzz marketing proved to be not only cost effective, but the very thing that gave Red Bull its appeal. Although Red Bull was not welcomed with open arms in all countries, such as France, Denmark and Norway, it was growing and expanding.

Mateschitz soon realized that an extreme sporting event was a profitable avenue to take Red Bull down. Red Bull started supporting approximately 500 extreme sports athletes and hosting exclusive parties for these rock star competitors. By 1997, Red Bull’s buzz marketing strategy proved successful in the U.S. as well. Events are now hosed throughout the world ranging from B.A.S.E. jumping to surfing. Their tagline, “gives you wings” is known worldwide and Red Bull sponsors public and private events such as the X-games and the Red Bull Air Races.
Distribution/Penetration

Red Bull is distributed in most grocery store, convenience store, and gas station across the U.S. such as HyVee, SuperSaver, Safeway, Trader Joes, Conoco, Quick Trip, and 7-11. It is also found in discount/supercenter stores such as Target and Wal-Mart. In 2002, Red Bull completed its distribution share and the product is now available in all 50 states (Todd, Heather).

Target Market Statement

Red Bull’s target market are young, on the go people, who enjoy extreme sports and lead an active nightlife, anywhere from 18-35, who lead an active lifestyles, and are skeptical of traditional marketing (Swartz, Jon).

Pricing

The pricing of Red Bull varies from if the consumer is buying an individual can, which the price is $1.99, compared to a case of Red Bull. The average price of a case of 24 Red Bull is $65.99, but depending upon the distributor, the prices may vary. Pricing for energy drinks vary by brand, but Red Bull is typically $1.99 (Dolan, Kerry).

Sales and Market Share Analysis

The sale of Red Bull has only increased from the time Mateschitz introduced it back in 1987. In 2008 Red Bull’s net sales was $4.28 billion, which was up 7.9% from the previous year. A contributor to these sales is the fact that Red Bull started to distribute more to the Middle East, Far East and South America (DPA). In “some countries, Red Bull commands 80% of the market share. In the U.S. where Red Bull enjoys a 47% share of the energy drink market, sales are growing annually at a 40% clip” (Dolan, Kerry).
Competitive Analysis

Red Bull can be easily copied because the ingredients were printed on the can and the drink was not patented. Even though the taste of Red Bull did not do well in taste tests, it was the marketing strategy that made Red Bull so successful (Gschwandtner, Gerhard).

In the late 80s, around the same time Red Bull was spreading across Europe, American’s were drinking Jolt Cola, which was advertising as having “all the sugar and twice the caffeine as Coke”. It can be said that Red Bull was the first energy drink to be in competition with soft drinks but also created the new energy drink category in most markets. After Red Bull hit the market hard in the late 90-the present, many other companies have tried to hop on the energy drink bandwagon such as when Hansen, the natural soda company, created Monster Energy.

Red Bulls has approximately 100 major competitors, such as 5 Hour Energy Drink and Rock Star Energy Drink. Not only do energy drink companies fall in these 100 major competitors of direct competition but, there is also the sector of soft drinks that have proven to be a viable opponent. Coca-Cola (Full Throttle & Monster), Pepsi (AMP Energy Drink) and Gatorade (Rebranded as G and G2) are three of Red Bulls major competitors.

Many celebrities have also taken on the role of putting their face to an energy drink label, such as Ice-T creating an energy drink called Liquid Ice, Nelly’s Pimp Juice and Lil’ John’s, Crunk Juice.

However, in the end, no other energy drink has been able to claim Red Bull’s 70-90% of the market share it has in over 100 countries worldwide, despite these competitors (Penalty, Jeff).
Product Awareness and Attributes

Red Bull is known worldwide not only because of what's inside the can but because of the lifestyle the brand represents. Red Bull does not take advantage of the traditional media, instead they rely on sponsoring extreme sporting events and they give away free samples of Red Bull at the events. “Red Bull relies heavily on bars and night clubs for its sampling events, alternative sports have also proven to be a successful product-trial arena. The company underwrites a number of extreme sports competitions and sponsors about three dozen alterna-athletes” (Hein, Kenneth).

Demand Analysis

The demand of Red Bull increases each year and that is evident with how rapidly Red Bull has spread not only all over the United States but the world. From just looking at the market share analysis of Red Bull, sales are increasing every year and sales are expected to keep rising with each coming year. Even though Red Bull’s demand has increased with each coming year, the “Red Bull’s U.S. market share has fallen from 75% in 1998 to roughly 47% today” (Dolan, Kerry).

Purchase Rates and Buying Habits

Red Bull consumers are loyal purchasers. They buy Red Bull for its high energy kick before a class, before a work-out, before performing in a sporting event or anytime they need to get an extra boost to perform at top level. Red Bull is also purchased to drink recreationally during social functions and at nightclubs and bars to create various alcoholic beverages.
Problems and Opportunities:

Problems: Red Bull is not a patented drink product, therefore anyone is able to pick up a can, read the ingredients and go into business for themselves. This is one of the reasons the market is flooded by competition. In addition to this Red Bull, along with all energy drinks and supplements, has received negative press from a medical standpoint. High levels for caffeine and sugar can create negative effects on heart rate and blood pressure along with dehydration.

Opportunities: Red Bull is one of the most popular energy drinks in the world. They earned this title by intelligent, consistent marketing. Red Bull has the opportunity to maintain their position and grow by continuing to target their niche target audience by heavily using untraditional marketing tactics and traditional marketing tactics sparingly. This will not only maintain their dominance in the energy drink market, it will strengthen their relationship with their target audience (Mr. Burgundy).

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<tr>
<th>Strengths</th>
<th>Opportunities</th>
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<tr>
<td>• Most popular energy drinks in the world.</td>
<td>• Increase awareness of Red Bull's dominance in the energy drink market</td>
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<tr>
<td>• Red Bull represents a specific, edgy subculture, while still being consumed by a variety of demographics.</td>
<td>• Strengthen the relationship between Red Bull's target audiences.</td>
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<td>• Three different versions (Regular, Sugar-Free, and Cola) allow for variety without spreading the brand too thin.</td>
<td>• Increase Red Bull's sales in specific markets such as the Dakotas, Tennessee, &amp; Ohio.</td>
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<tr>
<th>Weaknesses</th>
<th>Threats</th>
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<td>• Not a patented drink product</td>
<td>• Health risks associated with over consumption.</td>
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<td>• Competition is increasing</td>
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Marketing Plan

Sales Objectives

We want to maintain our position as the leader in energy drinks and the face of extreme sports worldwide, while expanding our reach in the U.S. Currently North Dakota, South Dakota, Tennessee, and Ohio are lagging in Red Bull awareness and consumption. We want to increase distribution of Red Bull in these states by 5% and increase brand awareness by 85% in these markets while maintaining our national presence.

Target Market

(Malinauskas, Brenda et.al.)

The uniqueness of Red Bull is that the company does not follow traditional media guidelines and that is why they chose the untraditional platform (Hein, Kenneth). Their target audience is very receptive to this. As stated above, the target audiences of Red Bull are people between the ages of 18-35, who lead an active lifestyle and what to have a sense of belonging in their community, but in an untraditional way. But there is much more to
Red Bull’s target audience. Not only do they not trust traditional media they are turned off by it. These antiestablishment and adventure seeking individuals that do not follow the rules and needed Red Bull needed buzz marketing/extreme sports in order to tap into them (Rodgers, Anni Layne).

The target audiences of Red Bull are people who work hard and play hard. They take their profession very seriously but like to have fun in their free time. From the college classroom to the boardroom, these people don’t check out of life at five o’clock. The common thread connecting Red Bull consumers is that they all enjoy staying active by participating in sporting events, watching sporting events, playing video games or socializing (Hein, Kenneth).

Marketing Objectives and Strategies

Our marketing objective and strategy is to launch localized events to attract youth on college campuses and at sporting events in North Dakota, South Dakota, Ohio, and Tennessee. These events will feature some of our sponsored athletes making guest appearances and free give-a-ways of Red Bull and Red Bull products. We will host a Soapbox Race and a Flugtag Flightlab event the in major cities in these states in order boost awareness and consumption of Red Bull in those areas. In addition, Red Bull vehicles will make their way across the United States, specifically in larger cities, promoting the brand and giving away free samples. The Red Bull vehicle routes will travel with reps to college campuses in major cities promoting the brand and its lifestyle. A million samples will be distributed by these Red Bull Reps and have a code on the bottom of each can. Also, an additional million cans will be distributed across the U.S. to be sold by retailers. These codes can be entered online to win free Red Bull, a VIP trip for two to the 2010 winter X
Games in Aspen, CO, a VIP trip for two to the summer X Games in Los Angeles, CA, or free entry passes to the Soapbox Races, or Flugtag Flightlab events hosted in our target states. National, one in 50 can codes will give away free Red Bull, four in two million will give away the two winter and two summer X Game packages. In our target states, 200 cans will award recipients with passes to their local Soapbox Racing and Flugtag Flightlab events.

As well as targeting North Dakota, South Dakota, Ohio and Tennessee, there will also be two groups of two people assigned to each state. These Mini Cooper teams will go to colleges and major cities promoting Red Bull and advertising the Winter and Summer X Games.

**Positioning Strategy**

R&A Agency will continue to position Red Bull and Red Bull events as a unique, off the radar subculture. Spotting the Red Bull vehicle will be an event in itself, creating buzz on the streets and water cooler talk. By using Red Bull to guide drinkers to Red Bull events we will succeed in increasing consumption and awareness in lagging markets and stay consistent across the U.S. The events will be a place where like minded people can come together, have fun, be creative, blow off some steam and feel like a part of the exclusive Red Bull family. R&A Agency will not change Red Bulls existing tagline, Red Bull Gives You Wings, because we feel the company has already established a tag line that many people already know about. R&A Agency will continue to use the tag line on products and just make the tag line more evident on products, such as on the give-a-ways that the college Reps will be giving out.
**Marketing Mix Implementation Tools**

“Red Bull Gives You Wings” across the United States

Red Bull is an energy drink that represents a lifestyle, and we want to bring that lifestyle to the masses. Our marketing mix will consist of Public Relation promotions, non-traditional advertising, and sponsorships of extreme sports athletes and events. By using this mix, we will attract traditional media to cover our product without creating traditional ads ourselves. We plan to keep the price of Red Bull the same as it is now, but do free give-a-ways during PR events and during sponsored events.

Our PR event is a cross-country road trip in Red Bull’s Mini Coopers. The road trip will consist of 100 two-men teams that will be making stops at major colleges and universities across the U.S., including Yale, Berkley, Notre Dame, and the University of Nebraska-Lincoln. In addition to the stops in major cities, special attention will also be given to North Dakota, South Dakota, Ohio, and Tennessee to increase consumption and brand awareness. During their stops, they will host events that give-a-way free Red Bull and Red Bull products as well as other prizes such as flat screen T.V.s and Playstation 3s. It will be a year long event of appearances by the Red Bull Mini Coopers at college campuses in major cities. These colleges will be contacted ahead of time to arrange free interns to help plan and set up the events. Students will be able to play video games, test drive the Mini Cooper, win prizes, all while drinking Red Bull.

Red Bull will continue to have heavy sponsorship of their 500+ athletes and at the Winter and Summer X Games. Clothing, banners, mini events will be the main tools during these sponsorships that will be picked up by the local and national television and radio stations covering these athletes careers and sporting events.
Marketing Plan Budget and Calendar

Part of our 50 million dollar budget is meant to focus on North Dakota, South Dakota, Tennessee and Ohio to make them feel more as if they are part of the Red Bull community by tying them into major events that Red Bull sponsors. The bulk of our 50 million dollar budget will be going towards sponsoring the Winter and Summer X Games as well as purchasing give-a-ways.

- $15,000,000 = January 2010
  - Sponsoring Winter X Games
- $15,000,000 = August 2010
  - Sponsoring Summer X Games
- $30,000 = In between the months of the Summer and Winter X Games
  - The one in fifty can give away
- $40,000 = January 2010 (Winter), August 2010 (Summer)
  - The room and board for the Summer and Winter X Games
  - Transportation =
    - Winter = Four Red Bull snow mobiles
    - Summer = Four Red Bull mopeds
  - 8 VIP passes each for the Winter and Summer X Games
- $5,000,000 = Throughout the year, teams of two will drive to twelve major cities which will be in our target states.
  - Red Bull vehicle trips and events
- $10,000 = April and November 2010
  - For free entry fee to Soapbox and Fluegtag Flight Events
• $1,000,000 = Throughout the year.
  o On collateral
    ▪ Red Bull clothing
    ▪ Play Stations
    ▪ X Boxes
    ▪ Video Games
    ▪ X Game DVDs
    ▪ Blue tooth players
    ▪ Flat Screen TVs

• $10,000,000 = November and December before Winter X Games and June and July before Summer X Games.
  o TV advertisements Winter and Summer X Games

• $3,920,000 = November and December before Winter X Games and June and July before Summer X Games.
  o Magazine advertisements in men’s magazines advertising Winter and Summer X Games and direct mail sent to men advertising Winter and Summer X Games.
Works Cited


Penalty, Jeff. “A Brief History of Energy Drinks” Swindle Magazine Issue 06 2009: 1

