



RED BULL MARKETING

~~AUDIT~~ PLAN

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1.0 Executive Summary

This report starts with a summary of the background of the organisation; Red Bull. Red Bull was founded in 1987 by Dietrich Mateschitz. Red Bull have a large amount of sponsorship, sports team ownership and event organisation as a form of marketing. Red Bull is available in 171 countries making it one of the most popular energy drinks and a market leader. The formula of Red Bull has been target of concern regarding the level of taurine and caffeine. Although the formula was proven safe to drink by the EFSA, Red Bull is still deemed unsafe to drink below 16 years old and if pregnant. Because of these concerns a caffeine free variant of the drink is proposed within this report, keeping the original flavour that makes Red Bull so popular but without the health concerns.

A marketing audit is conducted within the report to analyse both the environment that Red Bull currently operate in and the potential success of the launch of the new Red Bull variant. A PESTLE analysis is used to determine the political, economic, social, technological, legal and environmental factors that affect Red Bulls operations. Within the marketing audit a SWOT analysis was also used to analyse the strengths, weaknesses, opportunities and threats to Red Bulls operations. It was determined that the biggest threat to Red Bull is the increasing competition and a saturated market. Recommendations were determined from this analysis to improve Red Bulls operations.

A figure breaking down the targetting, positioning and segmentation of Red Bulls current products to give an insight into the demographics that the different Red Bull variations are marketed towards. These include lifestyle, social class, occupation etc.

2.0 Organisation Summary

In 1987 Red Bull GmbH was created in Austria. Inspired by functional drinks from the Far East, founder Dietrich Mateschitz founded Red Bull. Red Bull was based on 'Krating Daeng', an energy drink that was first made and sold in Thailand. The taste was developed to please western palettes. Red Bull is sold mainly in a tall silver and blue can as an energy drink. This was not just the start of the sale of a new product but a new product category entirely (Andreaa & Anca, 2014).

Red Bull use a large amount of sponsorship and event organisation as a form of marketing. Some events Red Bull host are The Red Bull Air Race, Red Bull Crashed Ice and Red Bull cliff diving events. Red Bull GmbH own several sports teams spanning from football to racing. Some of the teams that Red Bull own are Red Bull Racing in Formula One, Red Bull Salzburg; an Austrian football team and the Red Bull Team in NASCAR (Few & Payne, 2019). Red Bull own Red Bull Records, a commercially successful record label with a variety of artists featured for the organisation (Lauria, 2008).

Today Red Bull is available in 171 countries and over 75 billion cans of Red Bull have been consumed since its creation and a total of 6.8 billion cans were sold worldwide in 2018, a 7.7% increase compared to the previous year (Boome, 2011). As recorded at the end of 2018 Red Bull employed over 12,000 people in 171 different countries. In terms of profit and turnover the Red Bull group recorded EUR 5.41 billion in turnover in 2018, the best figures of the company so far. Red Bull targets expanding further into markets of Western Europe and USA and launching products and growing in the Far East (Red Bull, 2019).

Red Bull has been the target of analysis and concern regarding the safety and health effects of consumption and attracts negative attention to the company as a result. Although on the contrary the European Food Safety Authority (EFSA) conducted extensive analysis into the health effects of consuming energy drinks with high levels of taurine and glucuronolactone such as Red Bull, the authority deemed such drinks as not dangerous (Kim, 2003), as long as consumption is monitored and not to be consumed when pregnant.

Due to the health concerns of the product the new product presented within this report is a zero sugar and zero caffeine variant of Red Bull. Many people drink Red Bull because they enjoy the extremely unique taste. People who consume for flavour and not as a stimulant may be put off by health defects of consuming a product with high levels of sugar or caffeine, this new product is targeted towards these consumers.



3.0 Environmental Marketing Audit

A marketing audit is a review of a business' strategy which is designed to help identify whether the existing strategy requires changing and where the direction of the company needs to go in the future (Berry et al, 1991).

3.1 Objectives *for the marketing plan?*

- Creation of a product to both attract new customers from the drinks market and not push away customers who are concerned of the health risks of consuming the original flavour Red Bull
- Compete within the drinks market with other large competitors such as Coca Cola and Pepsi, not just staying in the energy drinks market. Diversification strategy.
- Increase profit and increase brand exposure

3.2 Market Evaluation

3.2.1 PESTLE Analysis *ref?*

PESTLE analysis is a framework that helps an organisation such as Red Bull understand market dynamics and improve its business focusing on the political, economic, social, technological, legal and environmental factors.

3.2.2 Political

Red Bull operates in 171 different countries therefore having to deal with many different political situations. The level of stability within the government in the country can massively affect Red Bull. The government restrictions of the sale and consumption of energy drinks based on the negative health risks associated. These can affect the import and export charges of the drink, e.g. the sugar tax implemented within the UK. Red Bull is a global company distributing drinks to 171 countries meaning intra-government policies will affect the ease of imports and exports of the products.

3.2.3 Economic

The economic condition of a countries is crucial to the level of Red Bulls production and distribution within the country e.g. where there are high inflation rates Red Bull would face a large price of raw materials, therefore increasing the product price within that country. As Red Bull is a global business any kind of global financial or economic crisis would directly affect Red Bull.

For the marketing plan just summarise key findings from the audit in the situational analysis.

3.2.4 Social

Social factors within the different countries that Red Bull operates massively effects Red Bull. The lifestyle differs massively from country to country, as well as the number of youth in a country and the social status of people. The modern culture is inclined towards the consumption of energy drinks, in a younger populated country Red Bull would see this as a large opportunity. Red Bull can utilise any busy countries with large amounts of working population by marketing the drink as a stimulant and a necessity for people to keep more alert. In countries that are more health-conscious Red Bull would be deemed unhealthy and would result in the reduction in consumption. The production of a sugar and caffeine free variant of the drink would improve this.

3.2.5 Technological

For food and beverage businesses such as Red Bull there is a large emphasis on the research and development department, as it be a massive opportunity. The most important factor in technology and especially marketing is the internet. The internet be a way of connecting with the customer and improving the customer experience massively. Red Bull spend a large amount of money on stream and video services as a form of marketing. These spread the brand image massively towards the target audience (Moth, 2013). The use of Facebook and YouTube to stream events has led to Red Bull becoming one of the most 'subscribed to' brands on YouTube.

3.2.6 Legal

Within all the countries that Red Bull operates all the food and beverage laws and regulations would need to be followed and not broken. In order to be operating within a market the organisation needs to be following all the legal requirements of operating within the country, this includes health and safety precautions within the production. Red Bull must mention in the ingredients the levels of caffeine and taurine as this can be viewed negatively. It is a legal requirement to mention the nutritional value of consuming the drink.

3.2.7 Environmental

Waste disposal is a large issue in the modern day. These requirements can massively affect the profitability and the sustainability of the organisation. This should be a large focus of the business. Red Bull have come under a large amount of pressure previously regarding the amount of waste they produce. Since have improved the recycling system and changed the material the cans are made of, 100% recyclable aluminium. As a result of the negative attention Red Bull were receiving Red Bull became the first drinks brand to back the 'Every Can Counts' initiative, which encourages the collection of cans from offices and workplaces to ensure recycling (Brooks, 2011).

3.3 Audience

The current customers of Red Bull have a sport or athletic element to their lives. This may be that they partake in sports themselves or are avid spectators of sports. This is re-iterated by the brand image and the sponsorships and Red Bulls links with sports. Red Bull consumers may be thrill seekers e.g. the Red Bull cliff diving events popularity with both viewership and participation. The customers of Red Bull tend to be between 16-45 who have a busy life regarding work or activities who need to stay focused throughout the day. Certain customers who want to buy into the brand Red Bull and the connections with sport and activity but do not want to consume the levels of caffeine may benefit from a new caffeine and sugar free variation of Red Bull. This new Red Bull variation could also attract more casual consumers who enjoy the taste of the drink but do not require the caffeine.

Refs?

Evidence of research?

3.4 SWOT Analysis

Explain why you use it?

Strengths:

- Red Bull is the most recognisable and popular energy drink in the world
- Red Bull represents a brand customers want to buy into and be involved in
- Consumed by a number of different demographics e.g. the thrill seeker and the busy worker
- There are many different flavours for consumers put off by the original flavour

Weaknesses:

- Health risks of consumption e.g. can't be consumed when pregnant, not fit for consumption of anyone younger than 16 (Seinfert et al, 2011)
- Although market leaders, a large number of competitors have emerged meaning the market is very saturated e.g. Rockstar, Relentless and Monster

Opportunities:

- The dominance of the energy drinks market by Red Bull
- Increase the sales and brand recognition in certain markets, e.g. Saudi Arabia, UAE

Threats:

- Health risks linked to energy drinks market and Red Bull
- Competition is high and rising & saturated market
- Price

Avoid over-use of bullet points.

Marketing objectives?
Strategy?
Tactics?

3.5 SWOT Related Recommendations

Production and marketing of the new variant of Red Bull with both no caffeine or sugar would lead to the eradication of threats and weaknesses within the SWOT analysis. Within the energy drinks market a larger amount of flavours could be produced to make Red Bull stand out further within a saturated market. Because of the popularity and loyal customer base of Red Bull the launch of a caffeine free variation would be successful and accepted within the energy drinks market. Diversification into the drinks market with a new product and the brand backing of Red Bull would lead to a large amount of sales.

~~Where are~~ Evidence of analysis of the options, eg. Ansoff's Matrix?

3.6 Competitors

This is one threat to Red Bull that needs to be addressed and monitored. The current large competitors for Red Bull within the energy drinks market are Monster Energy, Relentless and Rockstar. Many shops within the UK and around the world produce their own 'off brand' energy drinks, these are a large threat to Red Bull as loyal customers to the brand searching for an energy drink would see these as the cheap option (Heckman et al, 2010). Monster Energy have their own brand image and have a large amount of sponsorship rooted in gaming, even offering in-game perks when purchasing a tin of Monster Energy. This would mean customers who are searching for an energy drink would pick the Monster Energy drink if the in-game perks appeal to them (Dresser, 2013). ✓

When Red Bull start producing the caffeine free variant of the drink, they would no longer be operating just solely in the energy drinks market but also the drinks market. This would make Coca Cola, Pepsi and Britvic large competitors. Analysis would need to be conducted on these competitors within the market. Coca Cola and Pepsi have been massive global brand leaders within the drinks market and customers who have been purchasing their products for years wouldn't deviate away from it because of a new product launch. Coca Cola have launched their own brand of energy drink named Coca Cola energy, meaning they wish to diversify into the energy drinks market the same way Red Bull wishes to diversify into the drinks market using this plan.

Competitor Analysis eg. Porter's 5 Forces?

3.7 Red Bull Targeting, Segmentation and Positioning

Type of Segmentation	Segmentation Criteria	Red Bull Target Customer Segment			
		<i>Red Bull Energy Drink</i>	<i>Red Bull Sugar Free</i>	<i>Red Bull Flavour Editions E.g. Tropical</i>	<i>Red Bull Simply Cola</i>
Geographic	Region	Domestic & International	Domestic & International	Domestic & International	Domestic & International
	Density	Urban / Rural	Urban / Rural	Urban / Rural	Urban / Rural
Demographic	Age	16-30	26-45	18-36	16-40
	Gender	Male & Female	Male & Female	Male & Female	Male & Female
	Life Cycle Stage	Bachelor Stage: young single people not living at home	Newly Married Couples: young, no children	Bachelor Stage: young, single people not living at home	Newly Married Couples: young, no children
	Income	High	High	High	High
	Occupation	Students, Employees, Professionals	Employees, Professionals	Students, Employees, Professionals	Students, Employees, Professionals
Behaviour	Personality	Ambitious	Ambitious	Determined	Easy-going
	User Status	Regular Users, Non-Users	Regular Users, Non-Users	First-time Users	First-Time Users
Psychographic	Social Class	Middle Class & Upper Class	Middle Class & Upper Class	Middle Class & Upper Class	Middle Class & Upper Class
	Lifestyle	Explorer, Reformer	Explorer, Succeeded	Explorer, Succeeded	Explorer, Succeeded

So what about how are you going to target a selected segment(s)? Resources required? Read the assignment brief.

(Dudovisky, 2016)

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limited evidence of
research demonstrated
throughout.

STUDENT FEEDBACK FORM : REPORT (75%)

LATE SUBMISSION

This section details the extent to which the assessment criteria are demonstrated by you, which in turn determines your mark. The marks available for each category of skill are shown. Lecturers will use the space provided to comment on the achievement of the task(s), including those areas in which you have performed well and areas that would benefit from development/improvement.

Generic Assessment Criteria	Marks available	Marks awarded
1. Engagement with Literature Skills	20	
limited evidence of research provided throughout. Very little engagement with the marketing literature, all sources used (except 2) are of an applied nature. Not all facts are referenced.		7 8/10
2. Knowledge and Understanding Skills	20	
Unfortunately you have demonstrated superficial knowledge + understanding of Marketing + the marketing planning process. In addressing the brief you have focused too heavily on what is the marketing audit + haven't really put forward ideas/tactics/actions for a marketing plan utilising a suitable framework eg. SOSTAC.		8

Very little engagement with the project brief. This reads like a basic strategic analysis/audit, the marketing elements and planning are largely absent. 40% AC 8/10
41% agreed

3. Cognitive and Intellectual Skills	20	
largely descriptive with superficial use of critical evaluation. Too many generalised statements made with scant evidence of research to support and strengthen.		8 7/10
4. Practical Application Skills	20	
Good application of STP which could have ~~been~~ been used to support a proposed strategy instead of stands alone.		9 9/10
5. Presentation— professional skills	20	
This piece of work lacks coherence of a suitable marketing plan framework as per the brief. Demonstrates some but not all of the basic skills required for future employment, with areas of weakness.		9 9/10 =41

For future work in academia and elsewhere you need to ensure that you answer the brief. There is some potential

Assessment Mark (Assessment marks are subject to ratification at the Exam Board. These comments and marks are to give feedback on module work and are for guidance only until they are confirmed.)

Late Submission Penalties (tick if appropriate)

Up to 1 week late (40% Max)

%

In this project (STP) but this has not been realised.