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LEVEL 4

MARKETING FUNDAMENTALS
ASSESSMENT 1

Red Bull - Marketing Analysis



STUDENT 1913405
TERM 2 GROUP 2
NAME ANAMARIA LUPU

LECTURER
TUSHARA BALENDRAN

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Introduction

The evidence suggest that ‘Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large’ (Baines at el, 2011, p. 6).

This essay investigate and seek to offer a better understanding of Red Bull Marketing Analysis.

Being first on the scene in the business of the energy drink, Red Bull vitalize body and mind since 1987. Austrian entrepreneur Dietrich Mateschitz in partnership with Chaleo Yoovidhya, launched Red Bull in Austria in 1987 (Forbes, 2020), and by the end of 2019, 7.5 Billion cans of Red Bull were sold worldwide and 12.736 of people were employed in 171 countries. With various flavours, sugar free or summer editions, the brand is highly recognized worldwide (Red Bull, 2020).

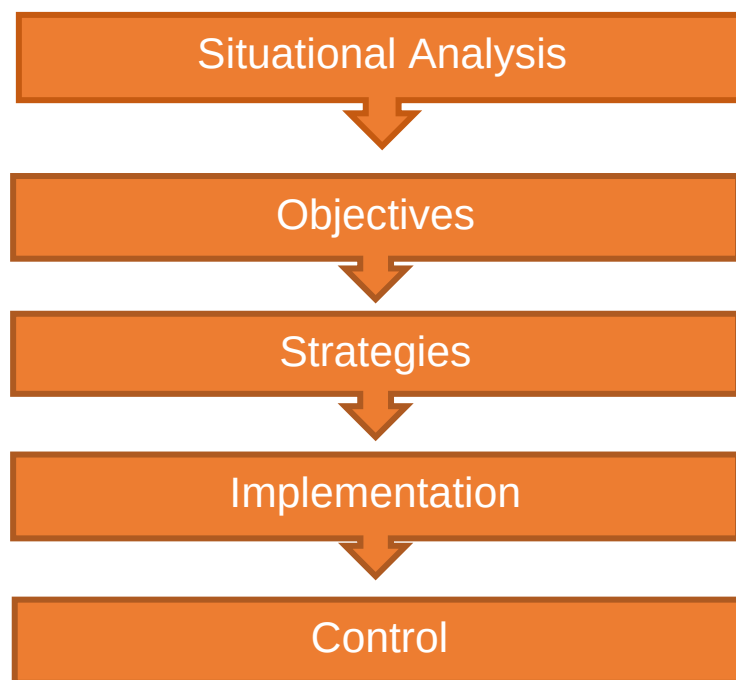
1. Processes and stages of marketing including the role of the marketing mix (Definition and Diagram).

Under the marketing concept, the firm must find a way to discover unfulfilled customer needs and bring to market products that satisfy those needs. The process of doing so can be modelled in sequence of steps (Fig. 1).

The following five steps (Fig. 1) are involved in the marketing mix of Red Bull company, however, this essay, emphasis on situational analysis such as SWOT Analysis and Porter's five Forces, marketing strategies such as segmentation, targeting and positioning, and marketing mix 4Ps.

The best seller of the energizing, connecting the brand and product together, Red Bull mission statement is “giving wings to people and ideas” (Red Bull, 2020).

Diagram of Marketing Process (Fig. 1).



(Fig.1, Source: Anamaria Lupu)

Situational Analysis is described as a set of methods used by the organisation to examine internal and external factors and their impacts on business performance in order to create better-structured marketing strategy.

Objectives are the particular outcome that a person or a firm aims to achieve within a time frame and with available resources.

Strategies are defined as a plan or set of plans intended to accomplish something, mainly over a long period.

Implementation could be explained as the process of putting a decision or plan into effect or execution.

Control is set of practices and procedures employed by firms to monitor and regulate their marketing activities in achieving their marketing objectives and strategy.

1.1 SWOT Analysis

Is a strategic analytical tool for assessing strengths and weaknesses of a business, analysing opportunities available to the business, as well as threats faced by the business.

On the one hand, strengths and weaknesses are internal factors, also strengths could reverse in weaknesses. On the other hand, opportunities and threats are external factors that a business face (Dudovskiy, 2016).

INTERNAL FACTORS:

Strengths

- Is first in the production of energy drink, existing for 33 years on market and expend in over 170 countries;
- Brand value and financial position, seals 7.5 Billion of cans in 2019 (Red Bull, 2020);
- Employed 12.736 people at the end of 2019;
- Red Bull is a strong establish brand, with an increase revenue of \$6 Billion in 2019;
- Enhance brand awareness through good reputation, they are in top of the consumers' mind;
- Major sponsorship and ownership;

Weaknesses

- Red Bull is ban from some countries,
- The company is using too much sugar in creating the energizing;
- Red Bull is the most expensive energizing on the market, high price;
- The energy drink is considered unhealthy;
- Limited range of products at premium pricing;

EXTERNAL FACTORS:

Opportunities

- An increase in sports activities, they diversify through sport, e.g. football teams;
- Story performing, using content as a tool;
- Social Media Marketing with millions of subscribers in all channels, e.g. YouTube, Facebook, Instagram;
- Technology users, big investments in research and development, e.g. the jump from stratosphere in 2012,
- Increase nutritional aspects of beverages;
- Engaging in product diversification;

Threats

- The competitors, such as Monster, a US company;
- Others fake sellers;
- Growth in marketing costs;
- Legal action proceedings across the business due to consumer health degradation;
- Negative health concerns.

1.2 Porters five Forces

Porter's Five Forces (1979) framework facilitates an organisation or a business to determine the competitive environment, long term profit potential, and attractiveness. It is considered an external analysis and is especially useful for a new business or when entering a new industry sector.

According to this framework, there are five factors identifying if a company is attractive or not (Fig. 2). The model allows ranking the importance of each force as high, medium, or low.

Porters five Forces Analysis for Red Bull

➤ Industry Rivalry

On the market exist numerous businesses that produce energy drinks, some examples could be Monster, Burn, Rockstar, Hell. However, the number one leader in the market is Red Bull. The energy drink production is ongoing growth, offering opportunities for the competition as well. The rivals are following closely the Red Bull market strategy and diversifying their business strategies and elaborate in various sports. Despite the fact that Red Bull is the number one leader in terms of marketing share in the production of energy drinks, the rivalry that Red Bull faced is high because of the higher total of competition.

➤ **Threat of new entry**

Unless the new competitors bring on the market a revolutionary concept, for Red Bull, the threat of new entry is low and the entry barriers are sufficiently high, making the players to spend large amount to start off (Dudovski, 2016).

➤ **Bargaining power of buyers**

Red Bull is an ideal and attractive business for distributors because follows a simple manufacturing process and requires materials in substantial quantities. Because the switching cost is low, the providers have no bargaining power to influence the price.

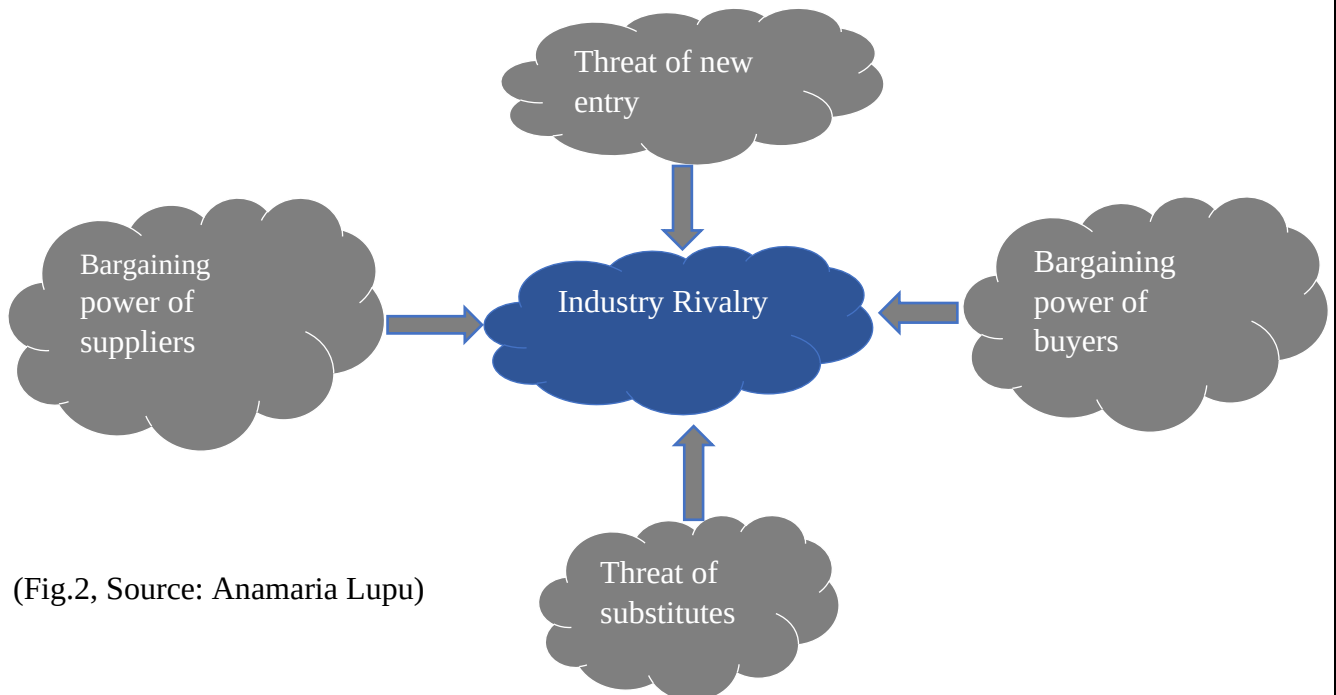
➤ **Bargaining power of suppliers**

Despite there are competitors of Red Bull, the energizing market is a small trade due to brand loyalty. Since energy drinks cost more than normal beverages, the consumers are higher earners of society that are not much sensitive to price changes (Shakarishvili, 2016). Red Bull also includes caffeine, which makes the customer addictive to certain extent. As a result, the bargaining power of buyers is medium.

➤ **Threat of substitutes**

A clear and low-priced substitute for Red Bull is coffee. Also, direct substitute are represented by water, tea, carbonated soft drinks, and juices. Due to the negative health concern, buyers may choose certain substitute products. Indirect substitutions for energizing include getting enough sleep and leading a balanced life and this comes free of charge for the majority of consumers. Above all, regular consumers continue to consume and not move towards substitutes. This makes the threat of substitution medium to low (Dudovski, 2016).

Diagram of Porters five Forces (Fig. 2).



(Fig.2, Source: Anamaria Lupu)

1.3 The Segmentation, Targeting and Positioning (STP) marketing process

➤ **Segmentation:**

Demographic - Demographic, mainly focusing on men and women of all ages but aim on people aged 16-29.

The youth people being the major target market, with the age from 16 to 45, all enjoy energy drinks which can improve their effectiveness of the work, study, and sport.

The target audience for Red Bull is male and female, aged from 18 to 24.

Geographic - Vitalizes body and mind, Europe gets “wings” since 1987 and expand in 171 countries, especially for people who are located in the city, as they are likely to have a busy and tiring lifestyle. Red Bull seems to be famous in most of the night clubs and bars in the city also in stores.

Psychographic - for example, males and females who are tired or stressed and want to relax and have fun or to boost energy during work long day at work.

➤ **Targeting:**

By publishing awesome content, sponsoring or creating events, Red Bull is taking their product and associating it with things their audience loves, namely sport.

Associating with extreme sports, music festivals, concerts they attract audience and they have the ability to sell the brand without pushing their product. Focusing on the people experience, they differentiate through strong personality, high quality, good taste and extreme sports.

➤ **Positioning**

Red Bull is using a positioning strategy mainly based on its product, image, and differentiation. The strongest competitive advantage of Red Bull is the brand image and the fact that through sponsoring extreme sports events the brand is also strongly linked with mental and physical performance.

Diagram of STP (Fig. 3).



(Fig.3, Source: Anamaria Lupu)

1.4 The Marketing Mix 4Ps - Red Bull Analysis

In order to be more attractive to the target market, the firm deals with individual elements of the marketing mix, namely: product, place, price, promotion. Red Bull's central marketing approach was since its launch till so far, generating by word of mouth and super visual strong content for colossal publicity. Figure 4 illustrates the main 4P elements of the Marketing Mix.

Product

The main element of the Marketing Mix and first introduced into the market is the product and refers to the goods and services presented by the company. The product can be known as a pack of benefits which a marketer presents in exchange for a price to the clientele (Thabit et al, 2018).

Red Bull products of energy drink in different size and flavours and include the following:

Red Bull Sugar Free, Total Zero

Red Bull Limited Edition Blue, Red, Yellow

Red Bull Orange, Cherry Edition



(Fig.5, Source: Red Bull official website)

In addition, Red Bull sells brand-related accessories, garments, media products, headwear, and gift ideas from its official website, e.g Fig. 6.



(Fig.6, Source: Red Bull official website)

Price

The price can be describing as the value charged for any service or product and is the second element from the Marketing Mix (Borden & Marshall, 1959).

Red Bull have a premium pricing strategy, as the company charges additionally for the psychological consumer perception of 'Red Bull Gives You Wings'. Is applying psychological pricing strategy with the use of Price Point Perspective (PPP) 0.99 pennies in different resellers like clubs, supermarket chains, bars, restaurants.

Place

The organisation chooses the place where their products would be selling directly to consumers or through distributors. Also, the distribution point could include chain persons or organisations such as distributors, wholesalers, and retailers who shape the distributing network for the company.

Trade in 171 countries worldwide, the energizing are sold via distributors, resellers such as night clubs, restaurants, supermarkets, hypermarkets, and other outlets. Also, Red Bull is using online channels to sell accessories, or gifts ideas only for brand-related products (Red Bull, 2020).

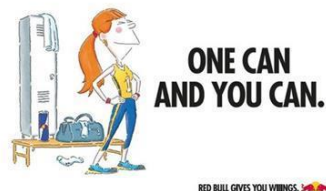
Promotion

The most powerful element in the Marketing Mix is promotion. Sales promotion actions are publicity, public relations, fair and demonstrations, etc. (Culliton, 1948). Promotional actions are mainly meant to complement personal selling, advertising, and publicity (Burnett, 2008). Promotion helps the product to be more attractive in the eye of the customers in an effective manner and encourage them to purchase (Thabit, 2018).

Red Bull is using content as a tool, celebrities, and extreme sports such as Formula 1, with 580 athletes globally across 128 different sports. Red Bull slogan “IT GIVES YOU WINGS”, is an ownership of football teams such as RB Leipzig, New York Red Bulls, Red Bull Brazil, Red Bull Bragantino, FC Red Bull Salzburg.

Moreover, through Red Bull Media House the brand produces original and premium content delivery for the global audience across TV, mobile, digital, audio, and print.

Campaign with cartoon ads, reflecting the brand personality, with the intension to increase the brand image and perception among 18-24 years old.



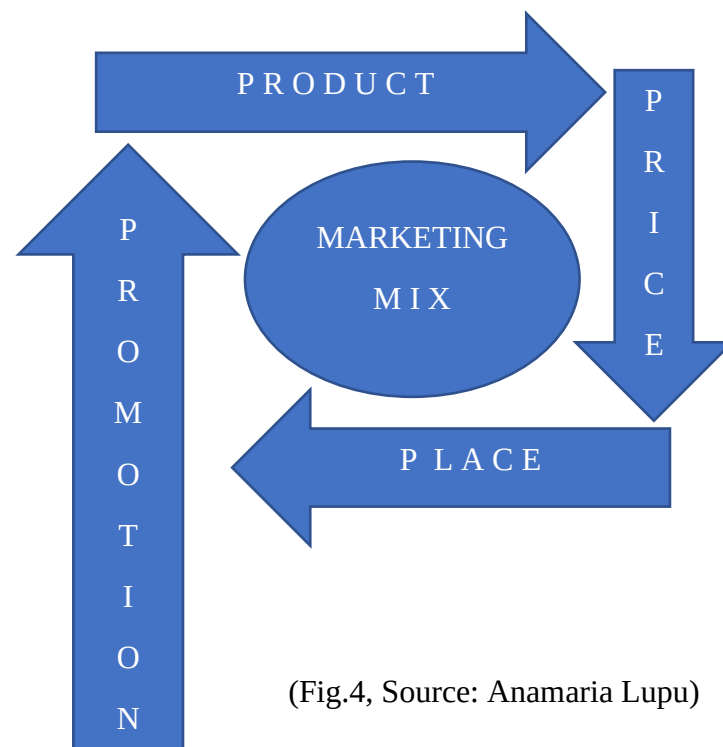
Direct marketing promotions using social media marketing platforms like Facebook, Instagram, Twitter with millions of subscribers.

Sponsor events being innovative and inspirational with unique locations and concepts, focusing first on the participants and spectators.

Extreme sports, concerts, music festivals, the ability to sell the brand, but not pushing the product, focusing on the enjoyment and experience of the people and not in selling Red Bull. Another point to consider is the Stratos Jump by Felix Baumgartner with his supersonic freefall from the earth stratosphere. Research evidence shows that Red Bull spend 65 million dollars with Stratos Jump, this marketing strategy increasing revenue with 7%, 1.6 billion in the US.



Diagram of Marketing Mix 4Ps (Fig. 4).



(Fig.4, Source: Anamaria Lupu)

Conclusion and Recommendations

The top seller in the production of energy drink has achieved huge success in terms of marketing strategy, the company benefits of strong personality, and the loyalty of its customers. Being over 30 years on the top of the market, Red Bull creates a unique and extraordinary shape of the brand image in the face of the consumers.

In my opinion, Red Bull is following its mission to expand globally, and spending 25% of revenue in Marketing is bringing only benefits to the brand.

A recommendation that could be to get an increase in the online seals is to design smart casual clothes, for day by day wearing and, in my opinion, this will definitely increase revenue.

Another recommendation could be using Ansoff Matrix Diversification. Targeting new customers, extending in the sports industry like handball and volleyball sponsorship and ownership. These two sports have big potential and strong personalities like Red Bull.

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