

RED BULL: BUILDING BRAND EQUITY IN NON-TRADITIONAL WAYS¹

INTRODUCTION

Red Bull GmbH was founded in 1985 by Dietrich Mateschitz, an Austrian who was a former marketing manager for Procter & Gamble's Blendax (where he managed products like toothpaste and shampoo). Mateschitz hit upon the idea of Red Bull during one of his many business trips to Asia, where an energy drink called "Krating Daeng" ("red water buffalo" in Thai) was very popular. After working for two years to create a carbonated version in a colorful can, Mateschitz launched Red Bull Energy Drink in Austria in 1987 using the slogan "Red Bull verleiht Flüüügel" ("Red Bull gives you wiings"). Red Bull was available exclusively in Austria for five years, then gradually rolled out in other European nations. Part of the growth strategy was to enter new markets slowly and methodically in order to maximize buzz and build anticipation.

Red Bull achieved remarkable growth considering the product was available in only one stock-keeping unit (SKU)—the now-famous silver 250 ml (8.3 oz.) can—and received little traditional advertising support. Red Bull's above-the-line marketing activities were limited to television commercials that adhered to the same format: using animated shorts to reinforce the "Red Bull gives you wiings" message. By 1997, a decade after it was launched in Austria, Red Bull was available in 25 markets globally, including Western and Eastern Europe, New Zealand, and South Africa. During that same period, Red Bull sales volume grew from 1.1 million units to over 200 million units. By 2004, the company had worldwide annual sales of nearly 2 billion cans in 120 countries. For all this growth, Red Bull still remained a relatively small company; it had only 1,800 employees worldwide and a mere 200 on the headquarters staff.

Several major beverage companies, including Coca-Cola, Anheuser-Busch, and PepsiCo, began introducing similar products in the year 2000. Despite the additional competition, Red Bull maintained its energy drink market share lead in every mature market. Its meteoric rise and continued dominance of its category made Red Bull one of the most successful new beverages in history. The challenge for the brand would be to continue its stellar growth as current competitors became more aggressive and additional competitors entered the market.

DESIGNING THE PRODUCT

After witnessing firsthand the potential of energy drinks in the Asian market, Dietrich Mateschitz negotiated with a Thai beverage manufacturer called TC Pharmaceuticals for the rights to license its energy drink recipe. In exchange for a 51 percent stake in Red Bull, TC Pharmaceuticals sold the foreign licensing rights in 1984. Mateschitz adapted the product to Western tastes by diluting it, lowering the caffeine content, and adding carbonation. Red Bull essentially invented the "functional energy" beverage category in Western markets, named thus because the beverages were meant to be consumed for energy, not enjoyment, purposes.

Both the Thai version and Mateschitz's version of Red Bull contained the following energy-enhancing ingredients: caffeine, taurine, and glucuronolactone. One 250 ml can of Red Bull had 80 mg of caffeine, about as much as a weak cup of coffee; a small coffee at Starbucks may contain more than 200 mg of caffeine (see Exhibit 1 for caffeine amounts in common drinks). Both taurine and glucuronolactone are chemicals that occur naturally in the human body. Taurine is a conditionally-essential amino acid, a detoxifying agent, and a metabolism transmitter. Glucuronolactone is a metabolism transmitter and a detoxifying agent. These three ingredients, along with a variety of sugars and vitamins, contributed to the following properties claimed by Red Bull:

- Improves physical endurance
- Stimulates metabolism and helps eliminate waste substances
- Improves overall feeling of well-being
- Improves reaction speed and concentration
- Increases mental alertness

Between 1984 and 1986, Dietrich Mateschitz led a team of professional marketers developing the product and packaging concept for Red Bull. The process was extensive: the team conducted large amounts of market research and tested more than 200 packaging proposals.

Flavor

Red Bull's flavor was intended to communicate the product's value as a functional energy drink. It was sweet and carbonated like a cola, but also had what some consumers described as a "medicinal" taste. The strong taste indicated to consumers that the product was more than mere refreshment. "We never cared about the taste a lot because we are more concerned about the function of the product,"²² said Norbert Kraihamer, Red Bull's Group Marketing and Sales Director. Still, directions printed on Red Bull's can recommended that the drink be served "well-chilled," since most consumers found the taste more pleasant when they drank it cold.

Package

Red Bull came in a single package, a slender silver-and-blue 250 ml can. The small can, which originated in Japan, signaled to consumers that the contents were different from and stronger than traditional soft drinks. The Red Bull logo—an Oriental-themed depiction of two (red) bulls about to collide head-on in front of yellow sun—appeared prominently on the front of the can. Under the logo, the words "Energy Drink" succinctly communicated the product's benefits. Consumers could only buy the cans singly; they were not offered in six-packs or cases. Some retailers sold Red Bull in these larger denominations for convenience purposes, but still charged the same amount per can (i.e., a case of Red Bull cans would cost the same as 24 cans bought separately).

Red Bull also developed a brown glass bottle for use in locations where it could not list the can, but the bottle design was less preferable to consumers than the can. When Red Bull launched in Germany, demand quickly outpaced supply and the company was forced to sell bottles when it ran out of cans. Sales of the product fell off the torrid pace as soon as the bottles were introduced. Red Bull used this example to show retailers the revenue they could lose if they only allowed the glass bottles.

Positioning

Mateschitz also devised the brand positioning: "Revitalizes body and mind." This phrase conveyed the tangible benefit of the product in an easy-to-grasp manner. It also covered a broad set of appropriate consumption occasions. Mateschitz intended Red Bull to be drunk whenever consumers needed a lift, whether it was morning, noon, or night. This way, Red Bull consumption would not be limited to certain occasions or activities, the way other energy-related beverages had been positioned. This broad positioning was designed to enable growth into a variety of market segments. Red Bull's advertising did not specify any consumption occasions, which further facilitated an elastic positioning.

The early adopters of Red Bull in Austria and surrounding markets were dancers, clubbers, and ravers who used the drink to stay fresh at late-night parties. This party association was crucial for Red Bull as it expanded into other markets because hip nightspots generated significant buzz. In these venues, Red Bull was used primarily as a mixer. Red Bull appreciated the business that mixing brought, but the company emphasized a variety of usages in its marketing. "We are not against mixing," said Norbert Kraihamer. "We even appreciate it to a degree. But over time we must make sure that the product is regarded as much more than a mixer. This is not a drink for a restaurant, this is a nutritional item."³ Other early adopters of Red Bull included truck drivers who used the drink to stay awake on long drives and students who drank it to help them concentrate during their studies. Though most of the original Red Bull customers were young, the company intended the brand to appeal to consumers of all ages.

Price

From the start, Red Bull pursued a premium pricing strategy. Mateschitz reasoned that consumers would be less likely to believe in Red Bull's energy-enhancing properties if it was priced the same as a traditional cola beverage. By charging a premium price, Red Bull could reinforce the energy positioning and also stake out a unique territory in the beverage market. In every market, Red Bull set a price at least 10 percent greater than the most-expensive competitor in order to maintain a "best of class" positioning. Kraihamer explained the rationale:

We are much more expensive than [cola]. This is OK because ours is an efficiency product, so we can charge this price premium, which is the secret of its success. . . . Due to the respect for a price premium brand . . . we can charge what is fair for the benefit.⁴

Priced between \$1.99 and \$3.00 in convenience stores, the 250 ml can of Red Bull cost up to 300 percent more per ounce than traditional soft drinks.

LAUNCH IN AUSTRIA

Red Bull encountered difficulty getting approved for sale in Austria. The Austrian government at the time had three categories for food and drug: 1) traditional food, 2) dietary food, and 3) pharmaceutical. Red Bull sought categorization as a traditional food, but this category restricted its ability to make claims about performance benefits. Therefore, Red Bull lobbied to create an entirely new category: functional food. Functional foods, which also came to be known as nutraceuticals, had some medicinal benefits beyond a dietary product, but also contained food properties that made them different from a pharmaceutical. The functional food category combined regulations from the three other categories and required almost as much documentation as a pharmaceutical product. For example, any health benefit claims had to be supported by scientific evidence.

In order to support its claims about performance benefits, the company commissioned various studies from scientists. Red Bull's product documentation totaled more than 3,000 pages, almost as much evidentiary support as required for a pharmaceutical product. The heavily regulated functional foods category in Austria created a barrier for entry that competitors were initially unwilling to overcome. The cost of commissioning the required scientific studies was simply too high. This economic barrier, combined with the fact that the energy drink category was still unproven, led to a lack of competitors in Austria for over five years after its 1987 introduction.

While Red Bull needed reams of scientific evidence to enter a market, it did not oversell consumers on the science behind the product. Kraihamer explained, "We do not force volumes of scientific evidence down the consumer's throat. Our principle is to make the product available in the right places at the right time with the right message. Consumers then try it and make up their own mind if it works."⁵ Encouraging product trial was the keystone of Red Bull's marketing strategy. Red Bull's above-the-line marketing was minimal, and for the first five years in Austria (1987–1991) the company's marketing expenditure ranged between only \$700,000 and \$1.4 million annually. During that time, net sales grew from \$700,000 to \$10 million.

MARKETING RED BULL

Dietrich Mateschitz reasoned that the best method to get consumers to try the product was testimonials from peers who bought into Red Bull. Therefore, word-of-mouth—which Norbert Kraihamer called "the oldest and best media in the world"⁶—was the central component of all Red Bull marketing activities. Word-of-mouth drove awareness of the brand in the early stages of entering a market. As knowledge of the product spread, a buzz would build around the brand. Red Bull supplemented its word-of-mouth strategy with event sponsorships, athlete endorsers, sampling programs, point-of-purchase marketing, and select electronic

media buys. Eventually, the company hoped, consumers everywhere would be talking about (and purchasing) Red Bull.

Developing the Red Bull Mystique

From the start, Red Bull was a source of intrigue for consumers. The functional energy category was brand new for Austrians, so curious and adventurous customers tried the brand and spread the word. Not content to let the word-of-mouth evolve naturally, the company aided this effort. Shortly after the product launched in Austria, the company would place empty Red Bull cans in clubs and bars to create the illusion of popularity. Between 1987 and 1992, when Red Bull was available only in Austria, consumers in adjacent countries like Germany and Hungary who had not been to Austria heard about the product from word-of-mouth testimonials. In this way, consumers outside Austria were made aware of product benefits, the unusual ingredients like "taurine," and the state regulations. Because the product could not be exported, it was bootlegged across the Austrian border by enterprising individuals. These factors contributed to the buzz surrounding the product, and led to what Kraihamer referred to as the "over-mystification" of Red Bull.

Most consumers outside Austria had not seen any official Red Bull marketing, and if they had not tried the product themselves they would not know what to make of it. Some thought it was a beer, others believed it was a liquor product. Rumors about the product's special ingredients (one inaccurate rumor was that Red Bull contained bull testicles) and energy benefits fueled gray markets in several countries, most notably Germany.

The mystification of Red Bull, however, fueled negative rumors as well. Because Red Bull was popular in the European rave scene, rumors linked it with drug overdoses and even deaths. Though the beverage was never directly responsible for the overdoses or deaths, this fact did not prevent rumors from persisting. As a result, Red Bull garnered press coverage, which added to the buzz surrounding the product.

Market Entry Strategy

When it entered a new market, Red Bull strove to build buzz about the product through its "seeding program," where the company micro-targeted "in" shops, clubs, bars, and stores. This enabled the cultural elite to access the product first and hopefully influence consumers further down the pyramid of influence through word-of-mouth. Red Bull also targeted "opinion leaders" who were likely to influence consumer purchases. These included action sports athletes and entertainment celebrities. The company attempted to reach these individuals by making Red Bull available at sports competitions, in limos before award shows, and at exclusive after-parties.

Red Bull's limited availability in the early stages of development contributed to the brand's cachet, as evidenced by the presence of gray markets in countries bordering Austria. After six-months of selectively seeding a new market, the company gradually expanded its presence to locations surrounding these "in" spots.

These locations were typically less price-sensitive than the seeding locations and served to widen access to the brand. Availability was still limited and word-of-mouth continued to be a main driver of awareness. However, any consumer who wanted to purchase the product could do so if they sought it out. Finally, Red Bull reached the mass-market via supermarkets. As Norbert Kraihamer explained, "We are very focused on consumer base building and not just heading for maximum weighted distribution."⁷

Additionally, Red Bull engaged in "pre-marketing" to establish awareness in markets where its product was not yet sold. Pre-marketing involved sponsoring events that took place in a country where Red Bull was not available, such as the Red Bull Snowthrill of Chamonix ski contest in France. The international ski contest exposed French consumers to the product and the athletes it sponsored. Red Bull also exported its television productions to countries it had yet to enter. The television programs, which featured Red Bull sponsored events and athlete endorsers, acted as ambassadors for the brand in the absence of any market presence. For example, if a Colombian athlete sponsored by Red Bull was competing in a televised Red Bull event, Colombian television stations would have interest in broadcasting the event. Colombian television viewers would then gain knowledge of the brand's involvement with their countryman or countrywoman and would associate Red Bull with that person and his or her event. Of the pre-marketing strategy, Kraihamer said, "We want to be recognized as the pre-eminent brand, even if we are not there."

Red Bull Target Market

Red Bull did not define a specific demographic or psychographic segment as its target market. Rather, the company sought to reach a broad range of consumers based on their need for a stimulating drink. Kraihamer said, "We only have two dimensions: people who are mentally fatigued and people who are physically fatigued or both."⁸ These consumers fell into five broadly-defined categories: "students, drivers, clubbers, business people and sports people."⁹ By not defining a narrow consumer target, Red Bull ensured that it could grow into numerous market segments. In mature markets, Red Bull achieved its highest penetration in the 14-19 age range, followed by the 20-29 range (see Exhibit 2). As its consumers aged, Red Bull hoped they would continue to use the product, increasing the older end of the age distribution. As Kraihamer explained:

The kids that are 18 or 19 years old and drink Red Bull in a nightclub have years of use ahead of them. These same people will use it in the future as a sporting drink, or for driving, or as a conference drink because business meetings are always tiring.¹⁰

MARKETING ACTIVITY

Red Bull engaged in a variety of marketing programs, including traditional television, print and radio advertising, event marketing in sports and entertainment, sampling, and point-of-purchase promotion. The bulk of Red Bull's marketing activity was directed toward encouraging product trials. This was accomplished primarily through sampling, word-of-mouth, and point-of-purchase efforts. According to Kraihamer, "We do not market the product to the consumer, we let the consumer discover the product first and then the brand with all its image components."¹¹ The company rapidly increased its marketing expenditures during the 1990s (see Exhibit 3).

Advertising

Dietrich Mateschitz created the familiar Red Bull "adult cartoon" advertising with the aid of Johannes Kastner, a colleague who owned an advertising agency. All ads featured an intelligent dialogue about product benefits using one character with an energy deficiency and others who proposed the solution: Red Bull. Unlike most beverage marketers, Red Bull did not reinforce the taste of the drink, the direct benefit of the drink, or the image associations of the drink.

In one ad, a dentist informs Dracula that his teeth will have to be removed. Dracula complains that without his teeth, he will not be able to drink blood. Dracula laments, "But without fresh blood my body will wither and my mind will fade." The dentist tells Dracula "one revitalizing Red Bull and you'll be prince of the night again." A shot of the product appears on the screen, with the copy "Red Bull energy drink. Vitalizes Body & Mind." The dentist samples a Red Bull himself and tells Dracula, "You know, Red Bull gives you wings," before sprouting wings and flying away. Other classic characters to appear in Red Bull ads include Leonardo da Vinci, Adam and Eve, Frankenstein, William Tell, Rapunzel, Sisyphus, and the Devil. The tagline "Red Bull gives you wiings" grew directly out of the positioning statement "Red Bull vitalizes body and mind."

The ads were effective because they clearly communicated product benefits without promising specific physiological results. The literal message of "Red Bull gives you wiings" was obviously an exaggeration, but taken figuratively it was clever and believable. The animated television spots also refrained from defining a specific target group; anyone with a sense of humor, no matter how old, would be able to appreciate the ads. This enabled the company to establish as wide a consumer base as possible.

The Red Bull animated ads were adopted uniformly across the company's global markets. Not only did the colorful images travel well, but also the simple execution and universal concepts of the ads ensured that they would cross cultural boundaries easily. Said Kraihamer, "Even in a country where they speak a different language, we send the same message using the cartoon... We more or less translate it word for word—the power of our marketing mix works."¹²

Sampling

Product trial was an essential part of the Red Bull marketing program. Whereas traditional beverage marketers attempt to reach the maximum number of consumers with a sampling, Red Bull sought to reach consumers only in ideal usage occasions, namely when the consumer needed or wanted a boost. For this reason, Red Bull sampling campaigns took place at concerts, parties, festivals, sporting events, at the beach, at highway rest areas (for tired drivers), and at campus libraries. Kraihamer explained the importance of getting the consumer to try the product at the proper time:

We have to make sure that people experience the product the right way at the right moment and in the right situation when they have met with particular fatigue or are in need of food.¹³

Red Bull sent sampling teams to the ideal locations equipped with Red Bull branded vehicles and plenty of cans of cold Red Bull. The sampling team's job was to explain the product benefits and encourage the consumer to drink a full can for maximum benefit. For its sampling teams, Red Bull employed individuals who could energetically and believably endorse the brand. The sampling teams were typically comprised of college students called Red Bull Student Brand Managers. Aside from sampling, student managers researched drinking trends, designed on-campus marketing initiatives, and wrote stories for student newspapers. According to Henry Drnec, Red Bull's managing director in the United Kingdom, "Sampling [is a] key element of our marketing strategy. The customer feedback we get is invaluable and the conversion rates are huge."¹⁴ Kraihamer elaborated:

It is our people that give us real power in the field. This is one of the reasons we are not at all afraid of the big companies, the Coca-Colas and the PepsiCos and the Cadbury Schweppes of this world. They'll find it difficult to put the same kind of focus and dedication into one product, one item, because they are spreading their marketing across a whole range.¹⁵

Event Marketing

Red Bull had an extensive network of events that it was involved with. Red Bull either invented the event from the ground up, or brought the product to an existing event. When Red Bull created the event, it controlled all aspects of the event, including the name, logo, promotion, and media production. Classic Red Bull-owned events included the Red Bull Soapbox Race and the Red Bull Flugtag ("Flying Day"). The Red Bull Flugtag was a comical event in which participants constructed a flying object and attempted to launch it off a ramp into a lake or ocean. The event was a perfect fit for Red Bull because it required use of both the mind (in the design of the flying object) and body (in the power to get it off the ground). The winner of the event received free lessons for a pilot's license.

Sporting events developed by Red Bull include the Red Bull Snowthrill extreme skiing competitions in France and Alaska, and Red Bull Cliff Diving World

Tour Finals event in Hawaii. These events enhanced Red Bull visibility and also reinforced the brand's positioning as an independent, stimulating beverage. "People who attend one of our events have the indelible awareness that it was sponsored by Red Bull because of the unusual amount of control we can exert over our own events,"¹⁶ said Red Bull corporate communication manager Emmy Cortes. The more unique an event, the more likely television stations would want to broadcast it, or newspapers would want to cover it. Kraihamer explained, "We want to have the most creative ideas and do the best things so that they get automatically into the media."¹⁷

Sports Marketing

In addition to sponsoring sporting events, Red Bull also sponsored individual athletes. Red Bull engaged in sports marketing first and foremost to establish credibility among opinion leaders who participated in action sports such as surfing, snowboarding, skydiving, skateboarding, rock climbing, mountain biking, and many other non-mainstream athletic endeavors. The athletes who played these sports exhibited many of the qualities Red Bull wanted to project in its brand personality: innovative, individual, non-conformist, unpredictable, and humorous. The company started its sports marketing by simply making the product available to athletes at competitions, allowing interested athletes to seek out Red Bull and become authentic users. Following these low-key introductions, Red Bull would then work out sponsorship deals that put its logo on the athletes' equipment. Red Bull sponsored a number of athletes, but was very selective about which athletes it chose. First, the sport had to fit with the Red Bull image. According to Norbert Kraihamer, "Generally, these are extreme sports, but if there is an energetic golfer, no problem."¹⁸ As athletes began to use Red Bull for its stimulating effect, they subsequently drove awareness among their audiences.

Once Red Bull became an international brand, it was able to sign influential and leading athletes such as Robby Naish (windsurfing), Eddie Irvine (Formula 1), and Shane McConkey (skiing). Red Bull also inked a blockbuster sponsorship deal with the Sauber-Petronas Formula 1 team, which gave Red Bull a globally recognizable symbol—the racing car—competing at the highest level. Already having a sponsorship presence in the sport for some time, Red Bull acquired its own Formula 1 team in November 2004 when it purchased the Jaguar team from Ford Motor Company, creating Red Bull Racing. It was estimated that the racing team would cost \$100 million a year to keep on the track, while generating revenue of \$70 million. Red Bull later expanded its participation in racing by sponsoring the "Red Bull Junior Team" and the "Red Bull Driver Search."

In 2006, Red Bull announced its plans to move into American motor sports by starting a two-car NASCAR team in the 2007 season. One of the cars would bear the number 83 that represents the 8.3 ounces in each can of Red Bull. The company also earned headlines in 2006 by buying the New York Metro Stars of Major League Soccer for more than \$100 million and renaming the team the New York Red Bulls. The choice of name was controversial, since contemporary American sports teams were not named after their corporate sponsors. In international soccer, however,

clubs typically bore the name of their sponsors in a prominent place on the jerseys, and the Red Bulls followed this well-established precedent.

At the other end of the competitive spectrum, Red Bull sponsored athletes who engaged in sports that have no official competitions. One example was kite-surfing, an aquatic sport where participants strapped their feet to a sort of wakeboard and used a kite sail to then skim across the water. Red Bull sponsored two dedicated kiteboarders from Florida by giving them gas money and a cooler full of Red Bull. The two kiteboarders drove around to different beaches and wherever they went, they attracted a crowd with their cutting-edge kiteboarding. After their sessions, the assembled crowds would witness the pair refueling with Red Bull. If the sport were to become official, Red Bull would already be sponsoring the best competitors. Norbert Kraihamer described the kiteboarding case as a "great example of synthetic involvement in sport."

Point-of-Purchase Marketing

Red Bull's primary point-of-purchase tool was the branded refrigerated sales units. Red Bull placed these miniature glass refrigerators, which prominently displayed the Red Bull logo, in convenience stores, bars, clubs, sports shops, office buildings, cafeterias, and commissaries. These refrigerators set the brand apart from other beverages and ensured Red Bull a prominent location in the retail environment. If a location would not accept the Red Bull mini-fridge, the company would rent space in existing store refrigerators. To ensure consistency and quality in its point-of-purchase displays, Red Bull hired teams of delivery van drivers whose sole responsibility was stocking Red Bull. Red Bull also used a highly visible aluminum window sticker to indicate availability, rather than the traditional clear plastic. Believing the can itself to be the best promotional tool, Red Bull limited the use of posters, shelf talkers, and ceiling hangers in the store.

EUROPEAN EXPANSION

In the mid-1990s, Austria was not yet part of the European Community (now called the European Union, or EU), and the company was concerned that a competitor would enter the energy drink category ahead of Red Bull. The EU's policy for approved food products dictated that if a food was approved in one EU country, it could be sold in all EU countries. The problem for Red Bull, however, was that most EU countries had a list of allowable food ingredients, and taurine was not on any of the lists. Lobbying to get taurine added to the list would be too costly and time-consuming. Fortunately, Scotland—an EU country—had a "negative list" of food ingredients, in other words all ingredients not on the list were allowed. Red Bull ingredients were not on the list, so the company had an entry point. Red Bull set up its first EU test market in the United Kingdom, and rapidly entered the rest of the EU markets. Red Bull was unable to enter the French market, however, because the product was banned until it could be proven "100 percent safe." The French government was especially conservative about new food products because of recent health scares involving foot-and-mouth disease and mad cow disease.

(bovine spongiform encephalopathy, or BSE). The ban in France did have the benefit of adding to the mystification effect for French consumers.

Marketing Steps in the United Kingdom

Red Bull varied its market entry strategy only in the United Kingdom, which it entered in 1995. Believing the British market to be too different from Austria, the management team in the United Kingdom altered the Red Bull marketing formula in three significant ways: 1) the company marketed Red Bull as a sports drink, not a stimulation drink; 2) it did not pursue a word-of-mouth strategy, choosing instead to sell via the largest beverage channels; and 3) it created new advertising and focused on billboards rather than electronic media. As a result, Red Bull was considered a failure in the United Kingdom after losing more than \$10 million during the first 18 months in that market. This was in part because the United Kingdom had an established sports drink brand, Lucozade, which had been on the market for decades. Consumers were very familiar with the sports drink category, but Red Bull did not meet their expectations of what a sports drink should be. Usually, Red Bull sought to create its own new category when it entered new markets, so when U.K. managing director Harry Drnec took over in 1996, he repositioned Red Bull as a stimulation drink, by changing the word "energy" on the can to "stimulation," and thus established a new category.

The second strategic mistake in the United Kingdom was a departure from the word-of-mouth strategy that had fuelled Red Bull's popularity in other markets. The original U.K. management skipped all the preliminary steps and started by selling Red Bull in the largest supermarkets and convenience outlets. This move essentially precluded any buzz from building, because it did not allow a discovery phase or an opinion leader program to establish the brand as cutting edge. Said Norbert Kraihamer, "The U.K. team started from the wrong end, in the big chains, hoping the consumer would pick it off the shelf. But they were wrong, they totally misunderstood how to create a consumer base."¹⁹ In response, Drnec and his new management team pursued the traditional word-of-mouth strategy.

Finally, the original U.K. managers overhauled the Red Bull advertising concept to suit the needs of the market as they saw them. They used the slogan "Never underestimate what Red Bull can do for you," which did not clarify Red Bull's positioning at all and was too long to be catchy. By contrast, the "gives you wings" slogan communicated Red Bull's positioning as a stimulation drink and translated effectively into any market. The original U.K. team also focused the ad spending on billboards that were not as effective in communicating Red Bull's benefits as electronic media. "We go for electronic media, because energy needs movement and dialogue," said Kraihamer. "You can hardly get smart drinks across on a billboard—it doesn't talk."²⁰

After new management made the necessary changes, Red Bull took off in the United Kingdom. Between 1997 and 2001, Red Bull's share of the sports and energy drink market rose from under 2 percent to 48 percent. This share exceeded that of Lucozade, the entrenched leader for the previous 74 years. Red Bull went from selling 3.2 million cans per year in 1995 to more than 290 million in 2000. The

brand claimed an 86 percent share of the "functional energy" drinks market in 2001. That same year, Red Bull was the third biggest product by value in the soft drinks market, behind Coca-Cola and Pepsi. The United Kingdom was Red Bull's second-largest market by volume and sales in 2001, behind the United States.

Competition

As Red Bull began to exhibit exponential sales growth internationally, beverage companies that had previously dismissed the drink as a fad or fashion started moving into the energy drink segment. In the United Kingdom, Red Bull faced competition from Virgin, which developed Virgin dt; Anheuser-Busch, which entered the market with 180; Coca-Cola, which debuted a drink called Burn; Pepsi-Cola with SoBe Adrenaline Rush and Mountain Dew Amp; and a host of other brands with names like Indigo, Hype, Bawls, XTC, and Magic. Speaking about the emergence of major brands in the market, Red Bull U.K. managing director Harry Drnec said, "It's a lucrative market, and the many players who have been jumping in are finding it's not a game. You can't market a functional drink like you do a soft drink. But we're excited about Coke's entry—it could push the category even further forward."²¹ Between 1995 and 2000 in the United Kingdom, the beverage consultancy Zenith International reported that more than 40 product launches occurred in the functional energy category. Many of these competitors used packaging that resembled Red Bull: small, thin metal cans, metallic hues, and animal imagery. Red Bull dominated all other competitors in the United Kingdom functional energy drinks market with a 72 percent share in 1999. None of its competitors had more than a 6 percent share of the market.

The competitors often employed marketing tactics similar to Red Bull's. Coca-Cola used a word-of-mouth strategy that targeted influencers and opinion leaders first. PepsiCo's Mountain Dew Amp used a sponsorship and sampling strategy that resembled the Red Bull approach. To reach its target 18- to 24-year-old demographic, Pepsi hired young sales representatives to promote Amp on college campuses by giving away samples of the drink. Pepsi also sponsored emerging music acts with the Amp name. PepsiCo's SoBe Adrenaline Rush also pursued a grass-roots strategy involving sampling teams, point-of-purchase materials, sponsored SoBe Team Lizard athletes, and distribution concentrated on bars, convenience stores, and restaurants. In Britain, Red Devil sponsored the Asprilla motorbike team and Virgin dt sponsored the Radio One Love Parade dance festival.

Other brands used sex appeal to try and take market share from Red Bull. The Red Devil brand claimed that its product would "ma[ke] you horny," while the Go-Go Passion brand marketed itself as "Viagra for girls." The tagline for SoBe Adrenaline Rush was "Get it up. Keep it up. Any Questions?" While most competitors used below-the-line marketing activities in attempts to develop a viral marketing effect, some brands, like Virgin dt and Red Devil in the United Kingdom created radio and television advertisements. Red Devil used celebrity spokesperson Vinnie Jones, a former soccer tough and actor, to star in ads with the tagline "You can always repent."

Lots of smaller competitors attempted to capitalize on the energy drink trend as well. In 2001, Red Bull had more than 140 competitors in Germany. These competitors combined for less than 5 percent market share, and typically had lifecycles around six months. The number of competitors diluted the category because few were seriously committed to the market and most pitched consumers with a limited usage message that focused on one dimension of stimulation. In 2001, Red Bull got an injunction imposed on a Swiss mineral water company that was marketing a knockoff product called "Red Bat." In the ruling, the judge noted that since Red Bull was a very recognizable brand, it had a greater need for copyright protection. The judge also stated that competitors were able to choose brand names that were sufficiently different from Red Bull. Still, knockoff products such as Red Devil and Red Rooster continued to saturate the market.

Red Bull had the advantage of originating the energy drink category in most markets it entered, and could therefore establish the brand's prominence on its own terms (i.e., by gradually building awareness through seeding and relying on word-of-mouth to build buzz around the brand). In markets where it was not the first mover, Red Bull often had to overcome image perceptions for the energy drinks category that competitors had engendered with their marketing. For example, Red Bull was not the first energy drink to be sold in Brazil; other European competitors had moved in first. For the most part, the competition set prohibitively high price points and marketed their beverages strictly for nightlife usage occasions. In Brazil, Red Bull set its standard 10 percent price premium and worked to reinforce its message using its proven marketing formula, eventually overtaking the competition in terms of volume. Once it established volume leadership, Red Bull pressured the competitors to lower prices while maintaining the premium.

In spite of this competition, Red Bull maintained its dominant position in international markets. In 2004, Zenith International, a U.K.-based consultancy, reported that Red Bull owned two-thirds of overall energy drink volume across Western Europe. The brand was present in 13 Western European countries and held the lead in 12 of those. The remaining top 20 brands took a combined 17 percent share.

RED BULL IN THE UNITED STATES

For Red Bull's 1997 entry into the United States, the company used a "cell" approach to divide key markets in the country into targeted geographic segments, rather than attempt a nationwide launch. "Our intention was never to go to the States and say 'We are launching Red Bull,' " said Kraihamer. "We chose small market cells."²² The brand's first test market was Santa Cruz, California, a beachside town known for its active lifestyle built around surfing and skateboarding and for the University of California Santa Cruz. The population of Santa Cruz represented a good target audience for the brand because it contained a large number of sports enthusiasts and university students. From Santa Cruz, Red Bull moved into the nearby urban market of San Francisco, and then to Venice Beach, a trendy beachside city near in Los Angeles. Following success in these locations, Red Bull

established a presence in adjacent Santa Monica and then Hollywood. Norbert explained the development of the cell approach:

When one small cell became a success story, we moved onto the next cell. Of course, after three years, these cells are becoming bigger and bigger. But initially it was towns or part of towns.²³

To manage the cells, Red Bull established eight separate business units in the United States. The regional office in New York, for example, was responsible for the brand in Maryland, New Jersey, New York, Pennsylvania, and Virginia.

When Red Bull entered a cell, it initially targeted high-end nightclubs, bars, plus exclusive health clubs and gyms in order to reach the trendy and active consumers. Like it had done in Europe, Red Bull gradually increased distribution to include downmarket bars and clubs, restaurants, convenience stores, and grocery chains. On college campuses, Red Bull recruited student brand managers to organize on-campus promotions such as renting out study rooms during finals week and stocking them with free cans of Red Bull and school supplies. Because the drinking age in the United States was much higher than in most other European countries, the college marketing events in the states never had an alcohol link. Red Bull also implemented its sampling program, using Red Bull branded trucks and cars and teams of "consumer educators" that worked on a street level to promote the brand.

Red Bull gradually expanded its distribution eastward in 1999, moving first into Texas and then to mountain resorts in the Rocky Mountains. After establishing seeding programs in the Midwest and Chicago area, Red Bull moved into the East coast and Florida in 2000.

Red Bull's growth in the American market outpaced the company's expectations. In 2000, the company achieved sales of 108 million cans, well above the 80 million can target. That year, the company's U.S. market share stood at 65 percent.

Effective Use of Media

Only when a cell was considered mature did Red Bull begin a media program in that area. "Media is not a tool we use to establish the market," said vice president of marketing David Rohdy. "It's a critical part. It's just later in the development."²⁴ Of the \$100 million marketing budget for the United States in 2000, Red Bull spent less than \$20 million on measured media. The company's most visible media efforts were the two new animated cartoon commercials it developed each year.

Red Bull also kept up its aggressive event marketing efforts in the United States. In addition to the Red Bull Cliff Diving World Finals in Hawaii and the Snowthrill of Alaska winter sports event, Red Bull held the Red Bull Wings Over Aspen hang-gliding event and a street luge competition in San Francisco. In 2000, Red Bull introduced the Red Bull Rock 'n' Air festival, a day of extreme sports demonstrations and progressive live music. Another unique Red Bull event was the Red Bull Music Academy. Started in 1998, this annual event that was held in a different city each year, brought DJs and music producers together for two weeks of collaboration, learning, and performance.

Red Bull's initial results in the United States mirrored the brand's success in Europe. In 2001, Red Bull was the number one seller in Store24 convenience stores, bigger than any single beer, milk, water, or soda brand. "It's the number one beverage and the gap is widening," said Andy Steele, a beverage buyer for Store24. "I've never seen anything like it." One new age beverage executive said, "Red Bull seems to have a cooler in every bar in every city."²⁵ By mid-2001, Ohio, Tennessee, and the Dakotas were among the few states that did not have Red Bull. The company's U.S. case volume more than quadrupled that of its nearest competitor and its market share hovered near 70 percent.

OBSTACLES TO GROWTH

Proliferation of Energy Drinks in the United States

In the years since Red Bull's introduction, more than 1,000 smaller players had entered the energy drink market, according to *The Beverage Network*. More importantly, the rate of new product introductions skyrocketed (see Exhibit 4 for new beverage introductions). Some of these competitors were from established brands like Coca-Cola and Pepsi, while others came from upstarts like Monster Energy drinks.

Hansen Natural Corp. introduced the Monster brand in April 2002 as a direct competitor to Red Bull. Monster's ingredients were similar to those of Red Bull, but Monster came in 16-ounce cans, giving consumers twice the amount of beverage for roughly the same price. Monster followed the lead of Red Bull in many areas of its marketing. Teams of Monster "ambassadors" gave out samples of the drink at concerts, beach parties, and other events. The company also sponsored motocross, surfing, and skateboarding competitions. Monster launched a new program in 2004 dubbed the "Monster Army." This program was an online way for Monster to coordinate with amateur action sports athletes in the United States. Aside from skateboarding and surfing, amateur athletes could apply to be sponsored by Monster in diverse sports such as wheelchair racing, paintball, or rodeo. Those selected received products and exposure from Monster Energy.

Monster was extremely successful in its first few years. In 2004, the company posted sales of \$180 million, up 63 percent from the year before. More importantly, it commanded an 18 percent share of the U.S. energy drink category.

Competition came from more traditional companies as well. Coca-Cola's KMX had been on the market for years, but lagged far behind Red Bull. Looking to gain a foothold in the market, Coke launched a new product, Full Throttle, in early 2005. This drink came in black, 16-ounce cans that closely resembled Monster's cans. Coke made another move in the category a few months later when it announced it would distribute Rockstar Energy Drink in the United States and Canada. Rockstar, founded in 2001, originated the 16-ounce energy drink. Rockstar experienced triple-digit growth every year since its inception, and by 2004 was the 10th largest carbonated soft drink (CSD) company in the United States.

With the energy drink segment growing rapidly, companies not usually associated with this segment soon entered the fray. In early 2001, Anheuser-Busch

introduced its 180 Energy Drink. Lightly carbonated, this orange citrus-flavored energy drink with vitamins B-6, B-12 and C, was enhanced with guarana. The company soon followed with 180 Sport; water enhanced with vitamins and minerals. Anheuser-Busch made another move into the energy drink category in 2004 with Bud Extra, labeled on the can as B^E (pronounced "B-to-the-E"). This was traditional Budweiser beer with caffeine, ginseng, and guarana. This 10-ounce drink contained 4.5 percent alcohol by volume and 54 mg of caffeine (about the same as a 12-ounce Mountain Dew). The product was aimed at consumers in their 20s, with the website touting, "You can sleep when you're 30" and "You can go home when you are married." Suggestions for consuming the drink were titled B^E Cool (B^E over ice), B^EKini (B^E with vanilla rum and coconut rum), and Royal B^Eatch (B^E with raspberry liquor and pineapple juice).

One of the biggest developments of 2005 was the extension of the energy drink segment into organics and spirits. BevSpec, of Austin, Texas, introduced the first certified organic energy drink, Syzmo. The \$2.5 million marketing campaign played off the fact that Syzmo is one way to say "earthquake" in Spanish. The company that made Hpnotiq, a popular tropical vodka liqueur in the early 2000s, launched Everglo, a lime-green blend of vodka and tequila infused with caffeine and ginseng that came in a glow-in-the-dark bottle. Two other energy vodkas soon entered, Zygo and Pink. In a sign that some Red Bull employees might not have been happy at the company, two Red Bull executives left the company and paired with Nestle to launch Returnity, a functional milk drink that was promoted in Europe as a "brain shake." Other entrants in the energy drink category included musician Lil Jon's Crunk brand, Bong Water, Pimp Juice, Shark, and Gay Fuel.

Other competition came from a new beverage segment, hybrid drinks. Realizing that energy drinks were not designed for hydrating purposes, Coca-Cola's Powerade division created a hybrid drink that offered the hydrating benefits of sports drinks and the stimulating boost of an energy drink. As part of a \$60 million brand relaunch in July of 2003, Powerade offered two new hybrid drinks, Psych and Raize.

This competition proved challenging for Red Bull. Red Bull's market share in the United States was over 80 percent in 2000; two years later, it had fallen to 51 percent. By early 2005, it had dropped to 47 percent. Still, the company remained strong. Sales in the United States continue to grow at 40 percent (see Exhibit 5 for U.S. sales data). Over 700 million cans were sold in the United States in 2004, with sales rising to 1 billion cans in 2005. Red Bull also benefited from the growth in the energy drink category it founded, as total sales rose 75 percent in 2004 to \$3.5 billion.

Health Concerns Over Red Bull

Although Red Bull was a strong global brand with millions of loyal consumers, there were some countries that did not allow sale of the drink. Stories like that of Ross Cooney, though rare, concerned many. Ross Cooney was a healthy, 18-year-old basketball player from Limerick, Ireland who collapsed and died on the court in 2000. Cooney reportedly drank four cans of Red Bull before playing that day. The

connection between Cooney's death and Red Bull remains inconclusive; a coroner's inquest found that he died as a result of Sudden Arrhythmia Death Syndrome (sudden death due to cardiac arrest brought on by an arrhythmic episode). This is just one of many reported stories of people experiencing health problems after drinking Red Bull and then exercising vigorously. Because of health concerns, France, Norway, and Denmark prohibited the sale of Red Bull. In Norway, for example, Red Bull was classified as a medicine and had its sale banned in retail outlets due to what was judged to be an excessive amount of caffeine.

In 2004, the European Court of Justice (Europe's highest court) upheld the French ban on Red Bull. The judges said that studies by the French Scientific Committee on Human Nutrition and the European Commission Scientific Committee on Food raised enough concerns to continue the ban. These two groups did not agree that caffeine levels in Red Bull were excessive, but they did agree that more studies were needed to assess the dangers of taurine and glucuronolactone.

Other countries came up with new regulations to allow the sale of Red Bull. Once banned in Canada, Red Bull was approved for sale in 2004 after Health Canada (equivalent to the Food and Drug Administration in the United States) created new laws that covered "natural health products." As part of the approval, cans of Red Bull sold in Canada had to carry the warning:

Not recommended for children, pregnant or breast-feeding women, caffeine sensitive persons or to be mixed with alcohol.
Do not consume more than 500 ml per day.

Controversy over energy drink ingredients continued into 2005. Caffeine has been generally regarded as safe since 1958, but debate persisted regarding the acceptable level of caffeine in energy drinks. As of 2005, the FDA had no regulation in place pertaining to the use of many of the ingredients found in energy drinks; it did not issue a specific approved list, rules on levels of legal use or guidelines on what mixtures are safe. The result, according to one analysis, was that "the average consumer does not know whether 200 mg or 80 mg of caffeine is safe, and may be unaware of the effects of 100 mg, 10,000 mg, or even 1 mg of taurine."²⁶

RED BULL MARCHES ON

Continued Event Marketing Innovation

Since the early 1990s, Red Bull had supported a local flying club in Innsbruck, Austria. This relationship became official in 1999 with the creation of "The Flying Bulls," a group that flew both new and restored aircraft at airshows around Europe. Red Bull expanded this idea and created the "Flying Bulls Aerobatics Team" in 2001. This team flew a combination of jets, helicopters, and World War II-era aircraft at airshows across Europe. The company further increased its presence in aviation with the building of "Hangar-7" in Salzburg, Austria in 2003 to house its squadron of aircraft. This architecturally unique hangar not only included maintenance space for the planes, but a restaurant, several lounges, a café, and two bars.

Moving into new markets and sports, Red Bull began the "Red Bull Big Wave Africa" competition in 2000. This event brought big-wave surfers from around the world to Cape Town, South Africa. Desirable, big waves were not present every year, causing cancellation of the 2002, 2004, and 2005 competitions due to lack of waves. This lack of consistent big waves has not hurt the event, as it continued to draw some of the best surfers in the world.

In 2003, Red Bull sponsored the first "Divide and Conquer" competition in Colorado. This rigorous, four-part event included running seven miles (with a 4,125 foot elevation gain), kayaking 27 miles down class IV and V rapids, and biking 27 miles (with a 6,280 foot elevation gain). Winners of the event received prize money and transportation to the Dolomitemann competition in Austria—a Red Bull sponsored, male only, race that was billed as "the worlds toughest team relay race".

In 2005, the company sponsored its first ever "Red Bull Dragsterday" in Michigan. Teams of five built and raced human-powered dragsters, while being judged not only on speed, but also on the creative designs of their "dragsters."

Product Innovation

Red Bull spent considerable time and money sponsoring sports-related events like those above. In 2003, however, noting that 21 percent of all soft drinks consumed in the United Kingdom were of the sugar free diet variety, as were over 30 percent in the United States, the company focused its innovation on adding a new product, Red Bull Sugarfree. This new drink contained the exact same amounts of taurine, glucuronolactone, and caffeine as the original, but Red Bull Sugarfree contained artificial sweeteners and only 10 calories, compared to 110 calories in the original. The drink was sweetened with NutraSweet and claimed to be the first global energy drink to address growing consumer demand for diet beverages. Red Bull Sugarfree was sold in the readily identifiable Red Bull can, with two differences. The dark blue color of the original can was replaced with a lighter blue, and the word "Sugarfree" replaced "Energy Drink."

First launched in the United Kingdom, Red Bull Sugarfree was quickly expanded globally. The product proved to be successful; by mid-2005 it accounted for nearly 20 percent of brand volume. Mateschitz continued to invest heavily in marketing the Red Bull brand; in 2004 he spent \$600 million, or 30 percent of revenue, on marketing (for comparison, Coca-Cola spent 9 percent).

Evolution of Red Bull Usage

Red Bull marketed its product to appeal to a broad range of consumers and to be appropriate in a variety of usage occasions. Still, the vast majority of Red Bull's business came from the youth market. In many markets Red Bull was used predominantly as a mixer. During 2001, half of all Red Bull consumption in the United Kingdom was in nightclubs and bars. Other European markets had similar figures. In mature markets like Austria, however, the product remained relevant even as consumers aged. Because usage was not limited to one or even a few occasions, Red Bull users could continue to use the product even as their priorities shifted. For example, a Red Bull consumer first attracted to the product as a

nightlife enhancer in his or her early twenties might later use the drink as a morning pick-me-up or a revitalizer during a long day of meetings. In a 2001 interview, Norbert Kraihamer explained, "The reasons for consumption change, but the basics are always there: the real benefit." The benefit "keeps the consumer loyal through the years."²⁷ Evidence in Red Bull's debut market, Austria, where it has been sold since 1987, suggested the product was not a fad. Kraihamer continued, "We are continuing to expand our consumer base in the initial Austrian market and are growing there at a rate of 20 percent."²⁸

Mateschitz had plans to grow the Red Bull brand with new products. The company had sold an herbal tea drink in Europe called Carpe Diem that supposedly boosted the immune system and improved metabolism. As of 2005, the product was being tested in Los Angeles, but did not seem to have the success of Red Bull. In February 2005, he also announced plans to open a fast-food chain call Carpe Diem in Austria and Switzerland, with plans to expand into Germany. Finally, Mateschitz had plans to launch a quarterly magazine in Europe devoted to the Red Bull lifestyle of music, extreme sports, night life, and social trends.

CONCLUSION

Red Bull experienced tremendous growth during the 1990s and early 2000s. In many markets, it commanded an 80 percent share. Even in the United States, where competition was especially tough, the company maintained a market share near 50 percent and an annual growth rate that exceeded 40 percent. This growth culminated in the company becoming the 7th largest CSD company in the United States in 2004 (see Exhibit 6). Even with the rapid growth of Red Bull and its competitors, there was still room for expansion; with \$3.5 billion in U.S. sales in 2004, energy drinks barely represented a rounding error in the \$66 billion carbonated soft drinks business.

As the functional energy category became increasingly competitive, and as major beverage industry players like Coca-Cola and PepsiCo grew more serious in their efforts to establish a foothold in the category, Red Bull's dual challenge would be to maintain growth in established markets and succeed in growing into new markets. Including the United States, Red Bull was sold in 100 markets, most of which had room to grow in terms of increasing per capita consumption. In existing markets, Red Bull needed to remain relevant to consumers in existing markets or risk experiencing slowed growth. The highly competitive beverage industry would require Red Bull to work hard to replicate its success in Europe and North America as it expanded.

DISCUSSION QUESTIONS

1. Describe Red Bull's sources of brand equity. Do these sources change depending on the market or country?
2. Analyze Red Bull's marketing program in terms of how it contributes to the brand's equity. Discuss strengths and weaknesses.

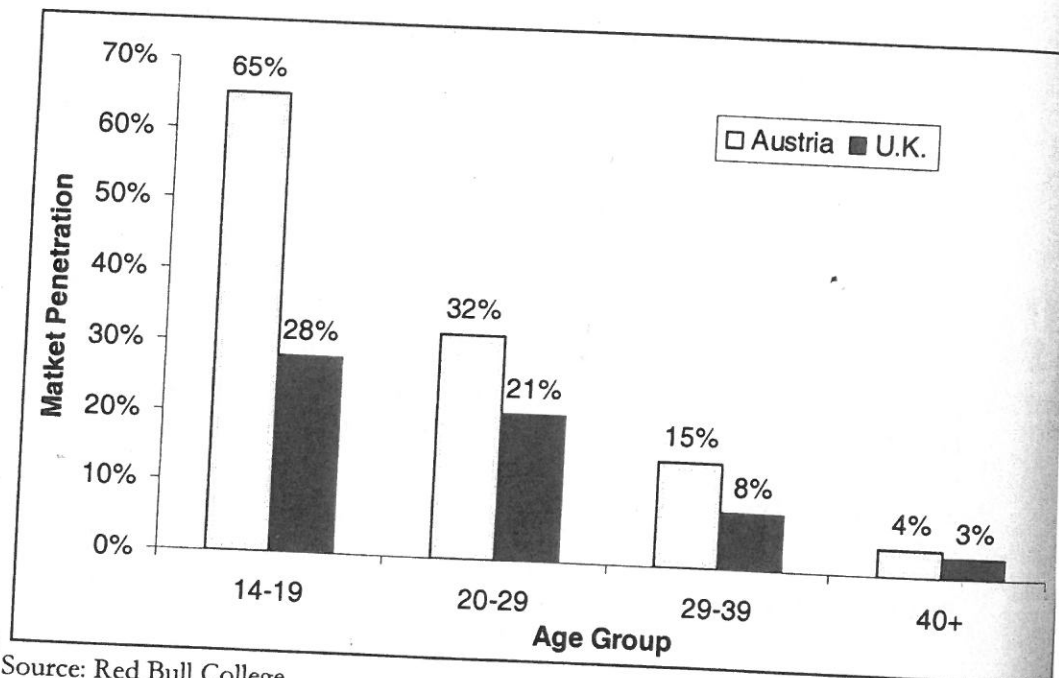
3. How can Red Bull maintain its marketing momentum? Would you recommend that Red Bull develop any brand extensions? If so, what would they be? Would you use the same marketing strategy?
4. Evaluate Red Bull's move into herbal teas, fast-food chains, and magazines. Does it make sense for the company to expand into these areas? What are the potential benefits and dangers?
5. Because product usage was not marketed as being limited to one or even a few occasions, Red Bull users could continue to use the product even as their priorities shifted. The case states that, "a Red Bull consumer first attracted to the product as a nightlife enhancer in his or her early twenties might later use the drink as a morning pick-me-up or a revitalizer during a long day of meetings." How effective is Red Bull at advertising to these varied groups?

Exhibit 1: Caffeine Content of Popular Drinks

Soft Drinks		Other Beverages	
12-ounce beverage	milligrams	8-ounce beverage	milligrams
Red Bull (8.3 oz)	80.0	Coffee, drip	115-175
Jolt	71.2	Coffee, brewed	80-135
Mountain Dew	55.0	Coffee, espresso (2 oz)	100
Tab	46.8	Coffee, instant	65-100
Diet Coke	45.6	Tea, iced	47
Dr. Pepper	41.0	Tea, brewed, imported brand	60 (average)
Diet Dr. Pepper	41.0	Tea, brewed, U.S. brands	40 (average)
Sunkist Orange	40.0	Tea, green	15
Pepsi-Cola	37.5	Hot cocoa	14
Diet Pepsi	36.0	Coffee, decaf	2-4
Coca-Cola Classic	34.0		
Snapple Sweet Tea	12.0		
Sprite, 7UP	0		

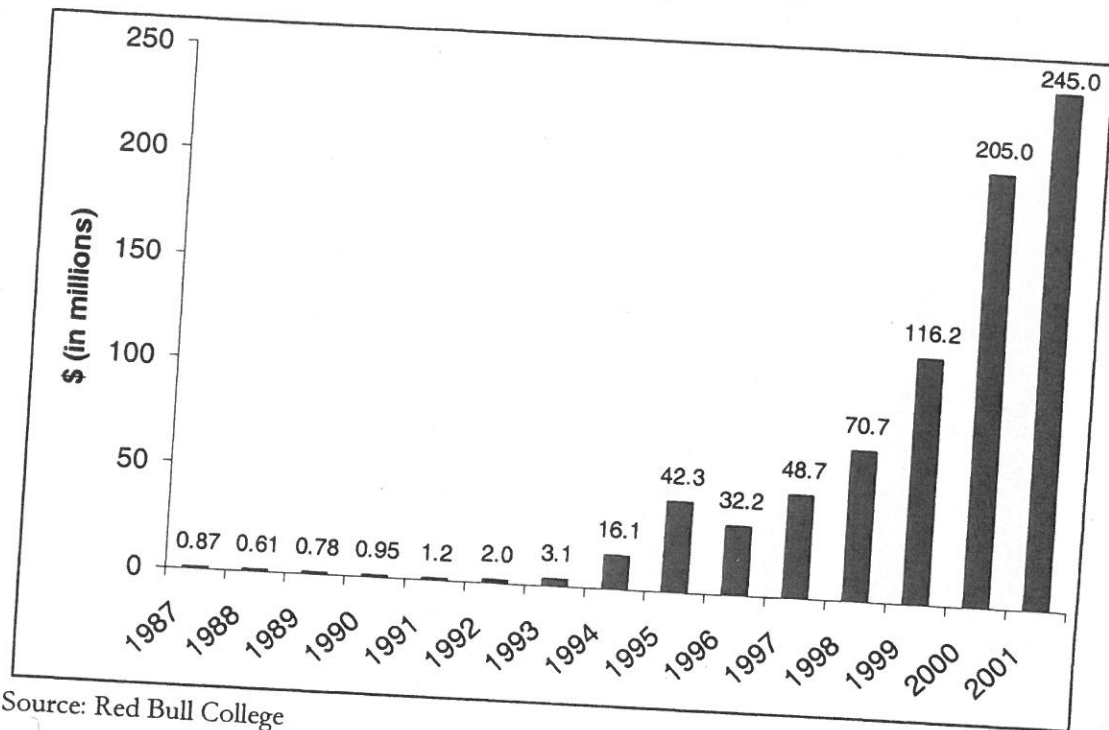
Source: Netrition.com

Exhibit 2: Red Bull Market Penetration in 2000, Austria and United Kingdom



Source: Red Bull College

Exhibit 3: Red Bull Worldwide Marketing Expenditures



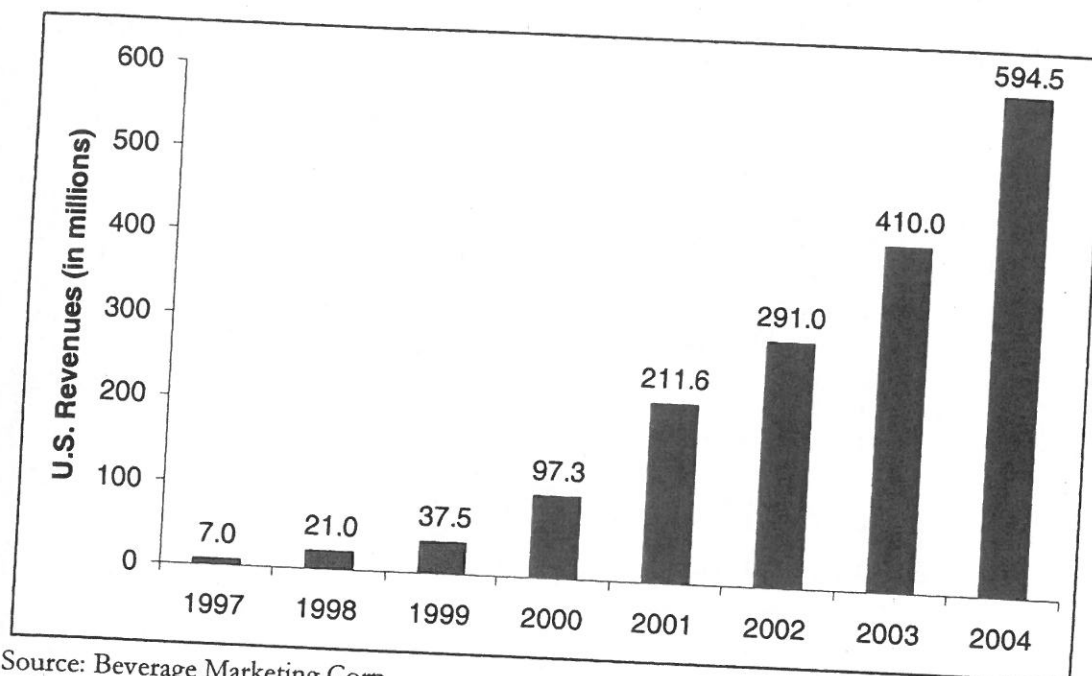
Source: Red Bull College

Exhibit 4: New Beverage Introductions in the United States

Segment	2004	2003	2002
RTD juices and juice drinks	293	197	144
Energy and sports drinks	101	65	68
Carbonated soft drinks	85	52	48
Beer and cider	77	48	52
Water	77	57	45
RTD iced tea and coffee	53	41	36
Flavored alcoholic beverages	41	19	21
Hot beverages	30	37	25

Source: Mintel's Global New Product Database, defined as "new formulation," "new product," or "new variety."

Exhibit 5: Red Bull U.S. Revenues



Source: Beverage Marketing Corp.

Exhibit 6: Top 10 CSD Companies—2004

Rank	Company	Market share	Share change	Cases (millions)	Volume % Change
1	Coca-Cola Co.	43.1	-0.9	4,414.8	-1.0%
2	Pepsi-Cola Co.	31.7	-0.1	3,241.7	+0.4%
3	Cadbury Schweppes	14.5	+0.2	1,485.9	+2.3%
4	Cott Corp.	5.5	+0.8	564.9	+18.2%
5	National Beverage	2.4	flat	249.4	+2.2%
6	Big Red	0.4	flat	41.5	-0.5%
7	Red Bull	0.3	+0.1	30.0	+45.0%
8	Hansen Natural	0.2	+0.1	20.2	+56.6%
9	Monarch Co.	0.1	flat	9.8	+7.6%
10	Rockstar	0.1	+0.1	9.7	+154.5%
	Private label/other	1.7	-0.3	171.5	-11.2%
	Total Industry	100.0		10,239.4	+1.0%

Source: Beverage Digest

REFERENCES

- ¹ This case was made possible through the cooperation of Red Bull and the assistance of Norbert Kraihamer, Group Marketing and Sales Director. Keith Richey prepared this case, which was revised and updated by Jonathan Michaels, under the supervision of Professor Kevin Lane Keller as the basis for class discussion.
- ² Claire Phoenix. "Red Bull: Fact and Function." Interview with Norbert Kraihamer. *Softdrinksworld*, February 2001, pp. 26-35.
- ³ Ibid.
- ⁴ Ibid.
- ⁵ Ibid..
- ⁶ Norbert Kraihamer. Personal Interview, August 2001.
- ⁷ Claire Phoenix. "Red Bull: Fact and Function." Interview with Norbert Kraihamer. *Softdrinksworld*, February 2001, pp. 26-35.
- ⁸ Ibid.
- ⁹ Ibid.
- ¹⁰ Ibid.
- ¹¹ Norbert Kraihamer. Personal Interview, August 2001.
- ¹² Claire Phoenix. "Red Bull: Fact and Function." Interview with Norbert Kraihamer. *Softdrinksworld*, February 2001, pp. 26-35.
- ¹³ Ibid.
- ¹⁴ John Cassy. "Enragingly Ubiquitous: Aged Only 22 but Already Branded." *The Guardian*, June 26, 2001.
- ¹⁵ Claire Phoenix. "Red Bull: Fact and Function." Interview with Norbert Kraihamer. *Softdrinksworld*, February 2001, pp. 26-35.
- ¹⁶ Kate Fitzgerald. "Red Bull Charged Up." *Advertising Age*, August 21, 2000, p. 26.
- ¹⁷ Norbert Kraihamer. Personal Interview, August 2001.
- ¹⁸ Claire Phoenix. "Red Bull: Fact and Function." Interview with Norbert Kraihamer. *Softdrinksworld*, February 2001, pp. 26-35.
- ¹⁹ Ibid.
- ²⁰ Ibid.
- ²¹ Cordelia Brabbs. "Can Coke Break Into Clubland?" *Marketing*, October 26, 2000, p. 25.
- ²² Ibid.
- ²³ Ibid.
- ²⁴ Kenneth Hein. "Brand Builders: A Bull's Market." *Brandweek*, May 28, 2001, p. 21.
- ²⁵ Ibid.
- ²⁶ OneSource, "United States energy drink sales in dollars and percent change for 1998 to 2003." June 1, 2004, p.2.
- ²⁷ Norbert Kraihamer. Personal Interview, August 2001.
- ²⁸ Claire Phoenix. "Red Bull: Fact and Function." Interview with Norbert Kraihamer. *Softdrinksworld*, February 2001, pp. 26-35.