Red Bull’s Marketing Strategy Analysis

Founded in 1987, Red Bull is a successful beverage company that specializes in energy drinks. Its success is hinged upon its distinct marketing strategy. In 2017, Red Bull possesses a seventy percent share of the energy drinks market (Gschwandtner, 2012). Red Bull remained steadfast and captured the market through targeting a singular sector of the market – energy drinks. As a result, Red Bull has created a strong brand, and is regarded one of the most successful energy drink company in the world (Donovan & Henley, 2010).

Describe & critique the strategy of the brand

The Red Bull brand echoes out spirit, vigor, passion, zeal, life, adventure and other different characteristics regarding the youths. Thus, consumers identify words like ‘cool’ and ‘trendy’ with the brand. Per Gschwandtner (2012), its creative branding strategy resulted in becoming the top energy drink brand. Its success is attributed to its market segmentation of targeting youths aged 18 to 34, in which Red Bull’s two main marketing strategies – sponsorships & guerrilla marketing – separated them from its competitors. These strategies helped consumers develop long-lasting positive perceptions and a strong brand personality towards Red Bull.

The first strategy is sponsorship. Red Bull’s sponsorship programs incorporate a varied category of sports, talents and athletes, appealing to existing and promising consumers in the future (Cornwell, 2014). A sponsored event such as sporting events or high-profiled parties allows Red Bull to interact and expose young adults to the company’s products. Moreover, Red Bull’s sponsored events are likely to feature celebrities and present them with opportunities to distribute free samples, garnering interest and bolstering its image (Kotler & Keller, 2012). The most significant example would be Bull Stratos. It aimed to send a message: Have a dream, achieve it. In doing so, it may be contended that such events inspire the youth to realize their dreams and that anything was possible. Through Red Bull’s aggressive sponsorship, many youths identify Red Bull with people destined for greatness.

Guerrilla marketing refers to a commercial strategy during which a company uses unconventional and surprise elements to push their products or service. The aim of guerrilla marketing is to produce buzz with the content circulating rapidly. Moreover, this unconventional marketing is mentioned to be useful in building a relationship between the brand and the consumer, with the consumer developing an emotional attachment to a brand. As a result, Red Bull hires students, DJs, young opinion leaders and unconventional sports athletes as brand ambassadors to endorse their brand and promote it (“Unconventional Marketing Tactics…”, 2009). Not only is this strategy cost-efficient, it additionally places the brand closer to the target market whereby deeper insights can be created.

All in all, these marketing strategies have demonstrated to be extremely powerful.

However, in spite of its advantages, Red Bull possesses various shortcomings and vulnerabilities it should address to stay atop within the highly competitive industry.

Firstly, Red Bull’s operates within a monopolistic competitive market, providing opportunities for

competitors to steal away and diminish the market share. This may translate into a loss of profits, and could lead to increased budgets for marketing. Following Red Bull's success, competitors such as Coke have started to launch their own energy drinks.

Secondly, given Red Bull's market segmentation and marketing strategy, Red Bull's decision to target youths aged 18 to 34 translates into opportunity costs for consumers aged 35 and above, as well as for women. Currently, 60.0% of the consumers of energy drinks are male and 35.0% of people consuming energy drinks are above 35 years age ('Global Energy Drinks …', 2019). In addition, Red Bull has to tackle the negative perceptions encompassing energy drinks to boost sales for all demographics. For female consumers, two-thirds are convinced that energy drinks feel both unhealthy and unnatural, with 60% mentioning that energy drinks ultimately do more harm than good (Clifford, 2018). For working adults, ER visits related to energy drinks are on the rise. The U.S. Substance Abuse and Mental Health Services Administration, or SAMHSA, observed that the biggest spike in ER visits came from the 40–and–older set, whose visits to the ER after consuming energy drinks nearly quadrupled from 2007 to 2011("Energy drinks: The Truth…", n.d.).

Suggest, with rationale, an improvement in at least one aspect of the marketing strategy

Red Bull could look to traditional and digital forms of advertising, towards the general public to capture a larger target audience, marketing their brand and reinforce their image in the competitive market. They could utilize television, outdoor billboards and print media to widen their interaction with consumers of all ages. Moreover, as more people are spending more hours surfing the web, Red Bull could also utilize digital advertising through the internet. Given Red Bull's creativity, they could potentially maintain their marketing strategy by conceiving and sponsoring extreme games in cyberspace, and advertise in those channels.

For Red Bull, more representation could be given to individuals aged 35 and above and towards its female counterparts. Brand repositioning can also be done to improve brand awareness for Red Bull. An excellent example would be Red Bull's campaign: Stratos whereby Felix Baumgartner was 43 years old when he leaped from Earth's stratosphere to land. Felix's record-breaking feat sent a statement to both the young and old to take action and fulfil their dreams, a message Red Bull advocates. Moreover, in 2019, Red Bull released two fruit-themed drinks: Red Bull Crisp Pear & Red Bull Peach to attract female consumers and a broader health-conscious audience (Barnes, 2019). Hence, both efforts were Red Bull's attempt to increase its brand awareness through the different demographics, which I believe should be continued to reach out to a wider audience and target market.

What ethical issues are relevant to the marketing strategy of this brand, and how well has the firm handled them?

Red Bull's marketing strategies are, however, considered to be unethical to some due to false advertising. Advertisements falsely represented the Red Bull energy drink's capability to enhance performance and reaction speed, even though scientific studies report otherwise. According to studies conducted on the drink by the European Food Safety Authority Journal, energy drinks were only found to have caffeine as its only active ingredient, and therefore, it had no performance-enhancing properties (Breda, et al., 2014). As such, Red Bull's exaggerated product claims entices consumers to consume its energy drinks, providing false promises in its capabilities to improve productivity, performance and energy. Thus, Red Bull's deceptive and

fraudulent methods arguably make Red Bull’s marketing strategy unethical. Red Bull had not handled these ethical issues well, having been fined and settled with US$13 million for false advertising (O’Reily, 2014), as well as narrowly escaping a ban by the Advertising Standards Authority (Bradley, 2018).

However, Red Bull maintains that its marketing and labelling have always been truthful and accurate, denying all wrongdoings or liability. As of now, past challenges show that Red Bull’s claim remains to be seen.