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BUSINESS CASE STUDIES

Marketing – Red Bull

Dietrich Mateschitz founded Red Bull in 1984 after discovering the widespread popularity of tonic drinks in the Far East. He developed the Red Bull Energy Drink, launching the product on the Austrian market in 1987. Since then, Red Bull has launched a range of products, including Red Bull Cola in 2008 and Red Bull Energy Shots in 2009. Today Red Bull has annual sales of around 4 billion cans in 160 countries. Red Bull has a distinctive approach to marketing. It uses a progressive marketing strategy. This type of strategy aims to constantly evolve and develop the brand. This approach allows Red Bull to engage with consumers using new and exciting channels of communication. In recent years social media has become a vital marketing tool for many organisations. Its increasing popularity, predominantly with young audiences, has had a huge impact on modern marketing techniques. Digital and social media campaigns are integral to Red Bull's marketing strategy.



The role of the marketing function

To meet the needs of its customers, every organisation seeks a distinctive **marketing mix**. This is often referred to as the 4Ps. It involves focusing on:

- product . the specific features and benefits of the product
- place . where and how the product is sold
- price . setting the right price in each market
- promotion . using the most suitable form of promotion to reach customers.

For example, the marketing mix for Red Bull Energy Drink is based around:

- a distinctive *product* - the taste of the product is unlike any other, it also has a functional effect in comparison to other soft drinks
- it is easy to obtain as it is sold in a variety of *places* . including retail outlets and food and drink establishments
- Red Bull uses a premium *pricing* strategy. The product is priced above that of competitors' products. Consumers will pay a premium for Red Bull due to the quality of the product and the product's benefits. This is reflected in the fact that it is the world's best-selling energy drink.

However, perhaps the most interesting element of Red Bull's marketing mix is its approach to *promotion*. Red Bull embraces innovation within its promotional activities and as such is able to create a lasting impression on consumers. The concept behind its promotional activity is to give people *wings*. This translates as pushing the boundaries of what is possible and nurturing people's talent so they can achieve their goals and dreams. The aim of the promotion element of the marketing mix is to grow the business and increase market share. Businesses develop a promotional strategy in order to encourage customers to purchase their products. Many base their approach on AIDA principles. AIDA is an acronym that is shorthand for the stages in a sales process.

- A** awareness – capture the customer's attention
- I** then stimulate *interest*
- D** this creates a *desire* for the product
- A** *action* occurs when the customer purchases the product



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Questions

1. What is the marketing mix?

2. Describe what is meant by a premium pricing strategy

3. Explain why Red Bull uses a premium pricing strategy for its Energy Drink.

4. Using the marketing mix in your answer, analyse how Red Bull Energy drink differentiates itself from other soft drinks.

Task

Draw up the marketing mix for a well-known product of your choice. To do this, divide a page into four and label each of the four sections with one of the 4Ps. Now add what you know of each of the elements of the marketing mix e.g. under the Product heading add your product's features, functions, benefits, packaging, brand name, image portrayed etc. When you have completed the marketing mix as fully as possible, write a short paragraph explaining why this marketing mix makes the product successful in relation to other competing products.

What have you learned?

Write a 140 character text or tweet explaining in brief what you have learned about marketing in the session.