IMC 613 Week 2 Assignment

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Red Bull: A Brand Equity Powerhouse

Red Bull GMBH, an Austrian privately held company, is the largest global producer of energy drinks, and is currently headquartered in Fuschl am See, Salzburg (Caffeine Informer, 2013; Red Bull, n.d.d). The Red Bull Energy Drink was first launched in 1985 by Dietrich Mateschitz, a former marketing manager for Procter & Gamble (Keller, 2003). Since its inception, Red Bull has been instrumental in providing functional energy to a large global demographic including college students, athletes, professionals, truck drivers, and clubbers. Today, Red Bull is available in more than 166 countries and has sold over 40 billion cans (Red Bull, n.d.d).

Sources of Brand Equity

Over the past 26 years, Red Bull has developed and maintained strong brand equity. Building the foundation for brand equity originates with consumer experiences, feelings, and beliefs as well as the perceptions and images. Red Bull continues to effectively apply Keller’s concept of customer-based brand equity (CBBE). CBBE involves “understanding the needs and wants of consumers and organizations and devising products and programs to satisfy them are at the heart of successful marketing” (Keller, 2013b). A number of brand elements and benefits combined with global brand awareness, recognition, and a positive brand image have greatly influenced a stronger brand equity.

Brand Elements

Not only has the global empire evolved over the years, the Red Bull formula has been improved to include energy enhancing ingredients such as caffeine, B vitamins, sucrose and glucose, taurine, and Alpine spring water. Red Bull packs its patented formula in a convenient “slender silver-and-blue 250 mL can” (Keller, 2003). The packaging, colors, and logo have also remained the same since 1987. The Red Bull logo is an Oriental theme of two red bulls headed for collision in front of the sun and is recognizable to consumers across the world (Keller, 2003). Figure 1 below illustrates the current packaging for the Red Bull Energy Drink. Together, the brand elements craft a unique brand association between Red Bull and its consumers that help support brand equity.
Figure 1. Current Red Bull Packaging

Red Bull recognizes the need for sustained energy throughout the day whether it is for athletes performing in extreme sporting events, a professional trying to get through a busy day in the office, a truck driver feeling alert on the road, or a student concentrating on a school assignment. Red Bull products satisfy consumers with benefits including enhanced physical endurance, stimulated metabolism, improved feeling of well-being, better reaction time and concentration, as well as increased mental alertness (Keller, 2003). In other words, “Red Bull vitalizes body and mind” (Keller, 2003). With respect to product pricing, Red Bull has always pursued a premium pricing strategy. The product is priced above its competitors and costs an average of $1.99 to $3.00 per can. Consumers are willing to spend more money for Red Bull drinks because they have brand associations of the product and responsive to its benefits.

Continuing Brand Equity

Despite the market or country, the sources of brand equity do not change. Since 1987, Mateschitz has meticulously employed the same, consistent marketing message and strategy of Red Bull and its products. In 1995, Red Bull entered the U.K. market and did not initially have success selling its products. The key reason for its delayed success was a result of the company not utilizing its traditional word-of-mouth strategy. Over time, Red Bull was able to recover by making the necessary changes with its marketing plans. In 2001, the U.K. was the “second-largest market by volume and sales” (Keller, 2003). Since the strategic U.K. marketing mistakes, the company has not veered from its marketing strategy. Providing a consistent brand message throughout various markets and countries has been critical in maintaining Red Bull’s sources of brand equity.

Marketing

The marketing program greatly contributes to Red Bull’s strong brand equity. “When you have strong brand equity, your customers will buy more from you, they'll recommend you to other people, they're more loyal, and you're less likely to lose them to competitors” (Mind Tools, n.d.). Without the
aggressive marketing of its products, Red Bull consumers would likely not be as brand loyal as they have been over the years. Their purchase behavior would have been greatly diminished, and the brand equity would not be as strong as it is today.

**Brand Awareness**

Red Bull is well-known for its participation and sponsorship with extreme sports and events which helps heighten brand awareness; therefore, establishing CBBE with its consumers and non-consumers. “Customer-based brand equity occurs when the customer has a high level of awareness and familiarity with the brands and holds some strong, favorable, and unique brand associations in memory” (Keller, 2013c). Brand awareness is one of the sources of brand equity that Red Bull has efficaciously achieved for over two decades. Through repeated exposure, Red Bull has increased familiarity of the brand worldwide, which has helped set the tone for multiple sources of brand equity. “Anything that causes consumers to experience one of a brand’s element–its name, symbol, logo, character, packing, or slogan, including advertising and promotion, sponsorship and event marketing, publicity and public relations, and outdoor advertising–can increase familiarity and awareness of that brand element” (Keller, 2013d).

In 2012, Red Bull captured the attention of the world with the Red Bull Stratos which may have been the “most successful marketing campaign of all time” (Chun, 2012). Austrian dare devil and skydiver, Felix Baumgartner, “became the first person to break the sound barrier, starting in a freefall 128,000 feet above the Earth that reached a high speed of 833.9 miles per hour” (Chun, 2012). Red Bull was the official sponsor of the Stratos, also widely recognized as the ‘space jump,’ and was successfull in generating international brand awareness through marketing and social media. “According to ABC News, besides YouTube, the jump was shown by more than 40 TV stations and 130 digital outlets. Red Bull’s Facebook post-jump photo of Baumgartner gained almost 216,000 likes, 10,000 comments and over 29,000 shares within 40 minutes, and half the worldwide trending topics on Twitter were related to Red Bull Stratos” (Chun, 2012). Figure 2 below is the Facebook page for the Red Bull Stratos which shares the journey of the infamous space jump with audiences worldwide.
Not only has Red Bull been instrumental in creating brand awareness with the Stratos, “the company is known for its buzz-oriented marketing geared toward youth, including extreme sports events such as the Red Bull Air Race, sports team ownerships including international Red Bull soccer teams and a Red Bull Records label” (Chun, 2012).

Brand Recognition

Since Red Bull was first launched, a number of competitors have entered the market, including Monster, Rockstar, and Full Throttle. Despite a saturation of energy drink offerings, Red Bull has effectively crafted the capability for consumers to remember and recognize the Red Bull brand. When consumers are searching for an energy drink, previous exposure to the brand through various marketing efforts has greatly affected consumers’ ability to recall the brand. Throughout Red Bull’s history, the company has remained true to its original marketing strategy which includes “traditional television, print and radio advertising, event marketing in sports and entertainment, sampling and point-of-purchase promotion” (Keller, 2003). A large majority of the global population can recognize the brand’s original slogan, ‘Red Bull gives you wiiings which originates from ‘Red Bull verleiht Flüüügel’ (Keller, 2003). Additionally, Red Bull’s untraditional use of cartoons in advertising has also been influential in brand recognition. Figure 2 and 3 are great examples of Red Bull’s traditional marketing strategies.
Brand Image

The image a brand conveys can greatly affect positive and negative associations or perceptions of the brand. “Creating a positive brand image takes marketing programs that link strong, favorable, and unique associations to the brand in memory. Brand associations may be either brand attributes or benefits” (Keller, 2013e). Red Bull is a respectable example of a company with a strong brand image that stands out among its competitors. Not only do consumers enjoy the product’s benefits, but they also associate with the brand’s positive attributes.

Strengths

Red Bull is well-known for being the first functional energy drink provider in the market which allows the company to have a greater advantage over its competition. The company utilizes its current position to dominate the market, reaching a variety of global audiences. “Brands should not try to be all things to all people; they should appeal to a small, specific group that will embrace them” (P.I. Reed School of Journalism, 2014). For over 26 years, Red Bull has found its niche in the marketplace and has done exceedingly well. Red Bull has excelled at “recognizing and accounting for different types of
consumers in developing branding and marketing programs. International factors and global branding strategies are particularly important in these decisions” (Keller, 2013a). Red Bull understands the needs for functional energy for its consumers, and has been successful in creating brand equity through its marketing program. Furthermore, Red Bull has captured global audiences with its iconic logo, tagline, and mainstream involvement with extreme sporting events. In 2013, Forbes named Red Bull as one of the world’s most valuable brands (Badenhausen, 2013). Clearly, the company has mastered its marketing plan, leaving a memorable impression in the market.

Weaknesses

Many people have a predisposition of the negative effects energy drinks can have on a person’s body. However, the “general population of healthy adults is not at risk for potential adverse effects from caffeine if they limit their consumption to 400 mg per day.” (Red Bull, n.d.a). This preconceived notion and over consumption of Red Bull can lead to negative brand associations. Effective marketing will not penetrate this particular market which is a huge disadvantage; however, if Red Bull is more upfront with audiences about the dangers of energy drinks, it could potentially have greater success with its marketing. Lastly, the lack of product variety and the taste of the formula are key weaknesses of the brand. Although many consumers enjoy the product, many do not prefer the medicinal taste. Red Bull has introduced a variety of new flavored formulas, but the brand should consider extending its products to reach a broader audience.

Maintaining Marketing Momentum

Red Bull has consistently entered markets worldwide slowly and methodically through sampling and seeding (pre-marketing) as well through various traditional marketing strategies as previously mentioned. Furthermore, brand ambassadors who promote Red Bull products and point-of-purchase marketing have drastically increased total sales, revenues, and profit. “Such positive figures can be attributed to outstanding sales in the Red Bull markets efficient cost management and ongoing brand investment” (Red Bull, n.d.d). In 2013, Red Bull owned 42% of the market share with Monster tailing closely behind. Figure 4 below illustrates Red Bull’s market share with Monster, Rockstar, and various
competitors. To maintain marketing momentum, Red Bull should continue its concentrated marketing efforts towards college students, athletes, and professionals. At Red Bull’s current pace, it has positioned itself for current and future success; however, extending the brand with new products could help stimulate exponential growth.

![Red Bull Market Share](Katje, 2013)

**Brand Extensions**


With regards to the new products, Red Bull should continue its traditional marketing efforts. The marketing strategy currently employed has been extremely effective in marketing the Red Bull name and its products; therefore, adding the brand extensions should not be treated differently. Red Bull’s original and innovative products will continue to provide functional energy to the same audience of college students, athletes, professionals, truck drivers, and clubbers.
References


Red Bull. (n.d.a). Health authorities have confirmed that there are no undesired effects of moderate caffeine consumption. Retrieved from http://energydrink.redbull.com/are-there-side-effects-and-dangers


