

## **Analysis Of Value Proposition And Strategies Of Red Bull**

The case study that has been selected for analysis in the report is related to the operations of Red Bull and it is a 6.4 million dollars organization. The company has created its virtual market for energy drinks and has also formed major associations with the different cultural events like extreme sports and concerts that include surfing and snowboarding (Thompson & Fitzgerald, 2018). The report will mainly provide details related to value proposition that has been formed by the brand and the position that it has formed in the industry. The details related to products that are being offered by Red Bull and the pricing strategies implemented for these products will also be a major part of the analysis that will be made in the report. The report will provide details regarding the distribution and promotional strategies that can be used by Red Bull in the future and the ways by which these can be helpful in supporting the organization to form a major position in the industry. The action plan that can be implemented by Red Bull will also be a major aspect related to the analysis that will be made in the report. The analysis will also provide details regarding the budget that has been set by Red Bull for analyzing the effectiveness of the implemented strategies. The control strategies that Red Bull can use for analyzing and monitoring the progress of Red Bull will be an important aspect of the analysis.

The value proposition that has been formed by Red Bull in the industry is mainly based on the slogan of the organization "Red Bull Gives You Wings". A wide variety of the communication channels have been used by Red Bull for ensuring that the organization can promote its products to the customers. Red Bull has been able to provide value to the customers by communicating that its products can fight the mental and the physical fatigue. Around 70 percent of total share in the energy drinks market has been gained by Red Bull and this is mainly based on the energy products being offered by the organization. Unique selling point or USP of Red Bull is mainly related to the levels of energy that it can provide to the individuals. Red Bull is also considered to be a major energy drinks organization that has proved to be reliable and enhances energy levels of the customers as well (Bahl & Chandra, 2018). The value proposition that has been formed by Red Bull has been able to differentiate the brand from the other organizations that are a part of the industry. The value proposition and innovative strategy of marketing has been helpful for Red Bull to develop its market share in the industry. The three important aspects of value proposition that can be developed by an organization include who, why and what. The target customers of Red Bull, the reasons behind purchasing the products of Red bull and the types of products that are offered to the customers are also a major part of the value proposition (Adams, Freitas & Fontana, 2019).

The first product of Red Bull was introduced by the organization in Europe in the year 1987. Red Bull had started its operations in the US in the year 1996 and the company further experienced huge levels of growth in the next few years. Red Bull was originally provided to the customers in one flavor and this was helpful for the organization to improve its position in the industry and to fulfill its value proposition (Saleh, Chefor & Babin, 2019). Red Bull has further increased its product line for offering different products like The Red Bull Red Edition, The Red Bull Pear Edition Sugar free, The Red Bull Peach Edition, The Red Bull Coconut Edition, The Red Bull Blue Edition, The Red Bull Green Edition, The Red Bull Orange Edition and The Red Bull Yellow Edition (Redbulldistributioncompany.com, 2022). The value proposition that has been formed by Red Bull and the target customer base selected by the organization are able to influence the product line and the mix strategies that can be implemented in the future (Diehl & Terlutter, 2022). The expansion of the product line of Red Bull has been able to play a major role in ensuring that the organization can increase its customer base and can fulfill the demands of customers effectively. The products of Red Bull are also based on the value proposition that has been formed by the organization and the target customers that have been selected for offering the products (Syapsan, 2019). The major target customers that have been considered by Red Bull include young urban male populations of various countries who prefer the challenging and extreme levels of sports activities. Red Bull has aimed at connecting effectively with the target customers and it has also tried to form a major position in the industry (Bremser, Walter & Goehlich, 2018).

Red Bull has developed its position as the premium pricing related brand that has priced its products by enhancing 10 percent of the prices in comparison to the competitors. The consumers are also ready to pay a premium for the Red Bull products based on the quality and the various benefits that are offered to the customers. The effectiveness of the pricing strategy implemented by Red Bull is mainly based on the position that the organization has formed as the highest-selling energy drink in the world. The premium pricing strategy has been useful for Red Bull to maintain its premium position in the industry and the high-income customer base that it aims at maintaining (Frias, 2022). Moreover, the company can further diversify the product portfolio for increasing the customer base by implementing the premium pricing approach. The profit margin that can be developed by the organization will also be based on the premium prices that have been set by Red Bull for the products that can be provided to the customers. The young urban male population can also be targeted by the organization in the future after increasing the product portfolio and enhancing its position in the market (Gurumoorthy & Santhiya, 2019).

The distribution channels of Red Bull have been able to play a major role in reaching the customers faster and increasing its market share. The products of Red Bull are mainly sold through the petrol station or the super markets and the retail shops that are located in different parts of the world. In the year 1988 around 20 percent of the total sales of Red Bull have been distributed through the retail channels of the organization (Turner, Shah & Jain, 2018). The products of Red Bull are purchased occasionally by the customers as the organization is considered to be a major utility drink. Red Bull has been successful in selling more than 7.5 billion cans in different parts of the world in 2019 based on the huge distribution network that has been formed by the organization (Kalogiannidis & Mavratzas, 2020).

The convenient locations like supermarkets, night clubs, casinos, bars and the convenience stores are used by Red Bull for reaching the customers faster and fulfilling their needs effectively. Red Bull is also offered to the customers with the help of various online platforms. The organization can use this intensive strategy of distribution that is related to using the different outlets like the small vendors and the big stores for the purpose of reaching the customers. The customers of Red Bull can also find the products offered by the organization in different types of stores and this has been helpful in enhancement of its reach towards the customers. The distribution strategy of Red Bull needs to be continued in the future for further increasing the its share in the market (Kosteljik & Alsem, 2020).

The major promotion and communication tool that has been used by Red Bull is marketer-produced media. The organization has also produced a magazine on a monthly basis named The Red Bulletin through the Red Bull Media House for the purpose of reaching the customers and offering the products (Toma & Catana, 2021). The magazine has been provided to the customers in countries like Germany, Austria, New Zealand, South Africa, Poland and Great Britain. Red Bulletin was started in the US in the year 2011 and around 1.2 million free copies have been distributed to customers in the major newspapers. The Red Bull Music Academy is another major high-profile initiative that was started by Red Bull in 1998 based on various workshops, concerts, art installations and the cultural events that are organized on a rotational basis in various international cities (Lewinski, 2020).

The stages at the global music festivals have also been sponsored by Red Bull like the Montreaux Jazz that is helpful for the company to reach larger number of customers in different parts of the world. The strategy of marketing communication that has been used by Red Bull is considered to be highly unconventional and non-traditional and this has an impact on the number of customers that the company can attract. Red Bull has been able to maintain its clear, constant and consistent

communication with the target demographics that have been selected by the organization. The consistency has been maintained by Red Bull by repeating its value proposition of enhancing energy levels of the urban males (Mahmoud, 2018). The Corporate Citizenship related image that has been formed by Red Bull in the industry is also a major part of the promotion and communication process that has been implemented by the organization. The organization has been able to shape its favorable image based on the high levels of environmental sensitivity depicted by Red Bull is also able to improve its image in the industry (Thakur, Roy & Ray, 2020). Red Bull has also organized various events and campaigns for ensuring that the quality of products and their features can be communicated to the customers in different parts of the world. The communication strategies that are currently being used by Red Bull have proved to be successful for the organization and can be effectively used in the future for maintaining the successful operations (Mintz et al., 2021).

Action required	Who will do this?	By when?	Where will it be reported?
Development of events that can communicate the value proposition of Red Bull	Marketing manager	Two years.	Marketing department of Red Bull.
Using the corporate citizenship brand value for attracting customers.	Marketing manager	Two years.	Customer relationship department of Red Bull.

Using innovative communication strategies for development of promotional campaigns.	Marketing manager	One year.	Marketing department of Red Bull.
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CAMPAIGN TYPE	QTY	PROJECTED COST PER UNIT	PROJECTED SUBTOTAL	
National Marketing			SUBTOTAL	\$ 2,000.00
Banner Ads	4	\$ 500.00	\$ 2,000.00	
			\$ -	
			\$ -	
Local Marketing			SUBTOTAL	\$ 6,200.00

Newspaper	6	600.00	\$	\$	3,600.00
In-Store Marketing	4	400.00	\$	\$	1,600.00
POP	2	500.00	\$	\$	1,000.00
				\$	-
Public Relations				SUBTOTAL	\$ 900.00
Public Events				\$	-
Sponsorships				\$	-
Press Releases	9	100.00	\$	\$	900.00
Webinars				\$	-

Conferences			\$	-
Client Events			\$	-
			\$	-
Content Marketing			SUBTOTAL	\$ 15,600.00
Sponsored Content			\$	-
Landing Page	13	\$ 1,200.00	\$	15,600.00
White Papers / e-books			\$	-
			\$	-
Social Media			SUBTOTAL	\$ 6,800.00

Twitter	20	100.00	\$	\$	2,000.00
Facebook	20	100.00	\$	\$	2,000.00
Pinterest	10	100.00	\$	\$	1,000.00
Instagram	8	100.00	\$	\$	800.00
Google+	5	100.00	\$	\$	500.00
Linkedin	5	100.00	\$	\$	500.00
Online				SUBTOTAL	\$ 4,800.00
Blog	6	800.00	\$	\$	4,800.00



Website			\$	-
Mobile App			\$	-
Mobile Alerts			\$	-
Email Newsletter			\$	-
			\$	-
Advertising			SUBTOTAL	\$ 18,400.00
Online	6	2,500.00	\$	\$ 15,000.00
Print	4	850.00	\$	\$ 3,400.00
Outdoor			\$	-

Radio			\$	-
Television			\$	-
			\$	-
			\$	-
Web			SUBTOTAL	\$ 19,200.00
Development	3	\$ 6,400.00	\$	19,200.00
Pay-Per-Click Marketing			\$	-
SEO			\$	-
			\$	-
			\$	-

Market Research			SUBTOTAL	\$ 6,400.00
Surveys	8	\$ 800.00	\$	6,400.00
Impact Studies			\$	-
			\$	-
Sales Campaigns			SUBTOTAL	\$ 29,500.00
Campaign A	5	\$ 5,900.00	\$	29,500.00
Campaign B			\$	-
Campaign C			\$	-
Campaign D			\$	-

Campaign E			\$ -	
			\$ -	
Other			SUBTOTAL	\$ 2,110.00
Premiums	2	\$ 780.00	\$ 1,560.00	
Corporate Branding			\$ -	
Business Cards	10	\$ 55.00	\$ 550.00	
Signage			\$ -	
			\$ -	
			\$ -	

Year-by-year profit and loss assumptions							
			Year 1	Year 2	Year 3	Year 4	Year 5
	Annual cumulative price (revenue) increase		-	2.00%	4.00%	6.00%	8.00%
	Annual cumulative inflation (expense) increase		-	2.00%	4.00%	6.00%	8.00%
	Interest rate on ending cash balance		0.50%	0.50%	0.50%	0.50%	0.50%
			Year 1	Year 2	Year 3	Year 4	Year 5
Revenue							

	Gross revenue		\$27,000,000	\$27,540,000	\$28,641,600	\$30,360,096	\$32,788,904
	Cost of goods sold		\$10,550,000	\$10,761,000	\$11,191,440	\$11,862,926	\$12,811,961
	Gross margin		\$16,450,000	\$16,779,000	\$17,450,160	\$18,497,170	\$19,976,943
	Other revenue [source]		\$0	\$0	\$0	\$0	\$0
	Interest income		\$0	\$0	\$0	\$0	\$0
	Total revenue		\$16,450,000	\$16,779,000	\$17,450,160	\$18,497,170	\$19,976,943
Operating expenses							

	Sales and marketing		\$143,500	\$146,370	\$152,225	\$161,358	\$174,267
	Payroll and payroll taxes		\$128,000	\$130,560	\$135,782	\$143,929	\$155,444
	Depreciation		\$151,980	\$155,020	\$158,059	\$161,099	\$164,138
	Maintenance, repair, and overhaul		\$0	\$0	\$0	\$0	\$0
	Total operating expenses		\$423,480	\$431,950	\$446,066	\$466,386	\$493,849
Operating income			\$16,026,520	\$16,347,050	\$17,004,094	\$18,030,783	\$19,483,094

	Interest expense on long-term debt		\$0	\$0	\$0	\$0	\$0
Operating income before other items			\$16,026, 520	\$16,347, 050	\$17,004, 094	\$18,030, 783	\$19,483, 094
	Loss (gain) on sale of assets		\$0	\$0	\$0	\$0	\$0
	Other unusual expenses (income)		\$0	\$0	\$0	\$0	\$0
Earnings before taxes			\$16,026, 520	\$16,347, 050	\$17,004, 094	\$18,030, 783	\$19,483, 094
Taxes on income		30 %	\$4,807,9 56	\$4,904,1 15	\$5,101,2 28	\$5,409,2 35	\$5,844,9 28



Net income (loss)		\$11,218, 564	\$11,442, 935	\$11,902, 866	\$12,621, 548	\$13,638, 166
Cumulative income		\$11,218, 564	\$22,661, 499	\$34,564, 365	\$47,185, 913	\$60,824, 079

The marketing mix strategies that have been suggested to Red Bull can be monitored on a regular basis for understanding the levels of success that the organization can gain in future. The different aspects that are a part of the marketing mix of Red Bull include product, promotion, price and distribution. Red Bull has been using these strategies previously for gaining a large share in the energy drinks market (Mishra, 2018). The success of Red Bull in the industry can be further enhanced by development of KPIs that need to be fulfilled by the organization by usage of the suggested strategies.

- Red Bull needs to increase its product portfolio and offer diverse products to the customers to fulfill their different needs.
- Red Bull needs to continue development of the events and can sponsor various other festivals so that it can maintain its connection with the young urban population who are a major part of its target market.
- Red Bull needs to increase the usage of online stores and websites for reaching the customers faster (Pulido, 2018).

## Conclusion

The report can be concluded by stating that although Red Bull has been able to gain a huge share in the energy drinks industry with the help of its unique and innovative promotional strategies, the enhancement of the promotional activities will be able to play a major role in improving its position. The enhancement of product portfolio, using the intensive distribution strategy and improving the promotional strategies can be helpful for Red Bull to attract the customers. The formation of an effective connection with the young urban male populations will be helpful for Red Bull in ensuring that the organization can enhance its position further in the industry. The budget that has been developed and suggested to Red Bull will be considered for developing its promotional strategies while maintaining the required profit margins in the energy drinks industry as well.



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