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The anti-brand brand

In 2004, Red Bull found itself at a crossroads, challenged with defending its 70% worldwide market share of the €2.5 billion energy drinks category that it had pioneered. After the rapid growth of the 1990s, volume growth for energy drinks had slowed in western Europe from 44% in 2000 to 6.5% in 2003.¹ The company was also facing an onslaught of copycat competitor brands; some promoted by beverage industry giants such as Coca-Cola and Pepsi, and others private-label offerings from mass retailers such as Asda.

Was Red Bull outgrowing its anti-establishment status? Did it need to transition to a more traditional marketing approach? As a mature brand, was it time to use its brand muscle to drive distribution? Should it be more innovative in its product development? Or would these activities destroy Red Bull's anti-brand mystique?

Company background

While travelling in Asia for Blendax toothpastes (now part of Procter & Gamble) in 1982, Austrian businessman Dietrich Mateschitz (pictured in *Figure 1*) came across *Krating Daeng* which means "Red Bull" in Thai. This was a cheap tonic sold in a brown bottle by TC Pharmaceuticals and favoured by Thai factory workers to remain alert during their shifts. Mateschitz approached the owner of TC Pharmaceuticals, Chaleo Yoovidhya and, together with Yoovidhya's son Chalerm they agreed to set up a company.

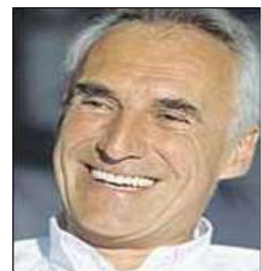


Figure 1: Dietrich Mateschitz

Red Bull GmbH was founded in Austria in 1984. The taste and texture of the product was adapted from the original Thai formula and it was bottled in a slender 250-ml (8.3 fl oz) blue and silver can (see *Figure 2*). It was a carbonated, fluorescent yellow liquid whose main ingredients were taurine (an amino-acid), caffeine (about the same amount as in a cup of coffee), glucuronolactone (a carbohydrate), Vitamin B and sugar. Red Bull's retail price was €2 per can and it sold for up to €6 in bars, much higher than competing soft drinks.

This case was prepared by Professor Nader Tavassoli, Professor Nirmalya Kumar and Sophie Linguri.

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