

## Red Bull Spreads its Wiiiings

*“There is no market for Red Bull. But we will create one.”*

– Dietrich Mateschitz, April 1987



*Red Bull* created the energy drinks category in 1987 and has led it ever since. *Brand Finance* ranked it the world's 3<sup>rd</sup> most valuable soft drink brand in 2021 (\$8.1 billion, up 15% from 2020), behind only *Coca-Cola* (\$33.2 billion; down 13%) and *Pepsi* (\$18.4 billion; down 3%) and well ahead of its most direct competitor, *Monster* (\$4.9 billion; up 3%). With record sales of \$8.9 billion across 172 markets in 2021, the nearly 10 billion *Red Bull* cans sold were a 24.3% increase over 2020. At twice the price per volume of its competitors, and per capita consumption in the U.S. at a third of that in Austria, the brand retained strong growth potential.

*Red Bull's* ingredients include sugars, B-group vitamins, the amino acid Taurine, and similar amounts of caffeine per volume as filter coffee. Its slogan is “Red Bull gives you wiiiings,” and it claims to increase physical endurance, improve concentration, vigilance and reaction speed, and stimulate the metabolism. While research backs up these claims,<sup>1</sup> the UK's *Advertising Standards Authority* recently reprimanded the company for implying the drink has health benefits in a light-hearted billboard in the London underground that stated, “The secret to finishing early ... Because to leap every hurdle a hectic day brings, you just need to know: Red Bull gives you wiiiings”.



*Red Bull* was inspired by *Lipovitan D* from *Taisho Pharmaceuticals*, a producer of tonic drinks and other healthcare products, and one of Japan's biggest taxpayers. *Lipovitan D* had helped Austrian national Dietrich Mateschitz overcome jetlag. A similar beverage called *Krating Daeng* (translating as “red bull”), an affordable and popular Thai drink, had been created by Chaleo Yoovidhya. He and his son Chalerm co-founded *Red Bull GmbH* with Mateschitz (who, incidentally, was born under the Taurus zodiac sign).

*Red Bull* was positioned to be trendy and upscale with a product formulation for the taste preferences of the Western Hemisphere. Initial market research had been far from promising, however. The drink's thin colour was considered unappetizing, and some consumers described the syrupy mouth feel and taste as “disgusting”. Moreover, the brand promise that it “vitalises mind and body” was considered irrelevant at best.

This case study was prepared by Nader Tavassoli of London Business School.

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