



# Red Bull GmbH

## Company Profile

Reference Code: 13316

Publication Date: Oct 2004

[www.datamonitor.com](http://www.datamonitor.com)

**Datamonitor USA**

245 5th Avenue  
4th Floor  
New York, NY 10016  
USA

t: +1 212 686 7400  
f: +1 212 686 2626  
e: [usinfo@datamonitor.com](mailto:usinfo@datamonitor.com)

**Datamonitor Europe**

Charles House  
108-110 Finchley Road  
London NW3 5JJ  
United Kingdom

t: +44 20 7675 7000  
f: +44 20 7675 7500  
e: [eurinfo@datamonitor.com](mailto:eurinfo@datamonitor.com)

**Datamonitor Germany**

Kastor & Pollux  
Platz der Einheit 1  
60327 Frankfurt  
Deutschland

t: +49 69 9754 4517  
f: +49 69 9754 4900  
e: [deinfo@datamonitor.com](mailto:deinfo@datamonitor.com)

**Datamonitor Hong Kong**

2802-2803 Admiralty Centre  
Tower 1  
18 Harcourt Road  
Hong Kong

t: +852 2520 1177  
f: +852 2520 1165  
e: [hkinfo@datamonitor.com](mailto:hkinfo@datamonitor.com)

## **ABOUT DATAMONITOR**

Datamonitor is a leading business information company specializing in industry analysis.

Through its proprietary databases and wealth of expertise, Datamonitor provides clients with unbiased expert analysis and in depth forecasts for six industry sectors: Healthcare, Technology, Automotive, Energy, Consumer Markets, and Financial Services.

The company also advises clients on the impact that new technology and eCommerce will have on their businesses. Datamonitor maintains its headquarters in London, and regional offices in New York, Frankfurt, and Hong Kong. The company serves the world's largest 5000 companies.

Datamonitor's premium reports are based on primary research with industry panels and consumers. We gather information on market segmentation, market growth and pricing, competitors and products. Our experts then interpret this data to produce detailed forecasts and actionable recommendations, helping you create new business opportunities and ideas.

Our series of company, industry and country profiles complements our premium products, providing top-level information on 10,000 companies, 2,500 industries and 50 countries. While they do not contain the highly detailed breakdowns found in premium reports, profiles give you the most important qualitative and quantitative summary information you need - including predictions and forecasts.

All Rights Reserved.

No part of this publication may be reproduced, stored in a retrieval system or transmitted in any form by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior permission of the publisher, Datamonitor plc.

The facts of this profile are believed to be correct at the time of publication but cannot be guaranteed. Please note that the findings, conclusions and recommendations that Datamonitor delivers will be based on information gathered in good faith from both primary and secondary sources, whose accuracy we are not always in a position to guarantee. As such Datamonitor can accept no liability whatever for actions taken based on any information that may subsequently prove to be incorrect.

## TABLE OF CONTENTS

<b>Company Overview .....</b>	<b>4</b>
<b>Key Facts .....</b>	<b>4</b>
<b>SWOT Analysis .....</b>	<b>5</b>

## COMPANY OVERVIEW

Red Bull is the world's leading energy drinks producer. Red Bull markets its nonalcoholic drink in more than 100 countries. It has approximately 70% of the market share in the worldwide energy drink market. Red Bull is headquartered in Brunn, Austria.

Red Bull is privately held and therefore does not report its financial results. The company achieved sales in excess of \$1 billion in 2003.

## KEY FACTS

<b>Head Office</b>	Red Bull GmbH Brunn 115 A - 5330 Fuschl am See Austria
<b>Phone</b>	+43 662 6582 0
<b>Fax</b>	+43 662 6582 31
<b>Web Address</b>	<a href="http://www.redbull.com">http://www.redbull.com</a>
<b>Revenues/turnover (US\$ Mn)</b>	1000
<b>Financial Year End</b>	December
<b>Employees</b>	1850

## SWOT ANALYSIS

Red Bull is the world's leading manufacturer of energy drinks through its Red Bull brand. Its energy drink is exclusively produced in Austria and consumed in more than 100 countries worldwide - throughout Europe and many parts of North and South America, Africa and Australia.

<b>Strengths</b>	<b>Weaknesses</b>
Market leadership	Lack of innovation
Marketing efforts	Reliant on small product base
Cadbury Schweppes alliance	Marketing expense
<b>Opportunities</b>	<b>Threats</b>
Diversification of retail outlets	Public health concerns
Extension of product line	Maturing market
Geographical expansion	Consumer awareness of health and well being

### Strengths

#### Market leadership

Within the energy drinks market Red Bull is the industry leader throughout the world. It has annual sales of a billion cans, with a significant presence in Europe and the US. In 2003 it achieved an 80% brand share of the UK energy drinks market. In Europe the company produces two-thirds of overall volume in the region. The brand is present in 13 West European countries and holds the lead in 12 of these. The rest of the top 20 brands take a combined 17% share. In terms of market trends, fewer new brands are being launched compared with the 1990s, and there has been a clear shakeout since 2000. Even the products offered by leading drinks manufacturers are failing to make major headway against Red Bull, with products such as Coca-Cola's Burn absent from the top five.

#### Marketing efforts

The heavyweight promotion and expansion of the Red Bull brand, which brought the concept of stimulation drinks to the western market, has driven functional drinks growth over the years. The company employs well targeted marketing campaigns that

appeal to the core 18-25 age group. It has promoted its product using its 'Red Bull gives you wings' slogan and sponsoring Formula 1 driving; free skiing; BMX biking and other dangerous sports. This has significantly increased consumer brand awareness of the product, and differentiated it from its competitors.

#### Cadbury Schweppes alliance

Red Bull has established an alliance with Cadbury Schweppes in Australia. The alliance has helped expand the brand's marketing distribution, allowing more customers to have access to Red Bull across the nation. Sales, which are already 40% up compared to the same time last year, are set to rise dramatically as a result of the pending partnership. Red Bull believes Cadbury Schweppes can help it reach new channels such as food courts, vending machines, hospitals, colleges and sports and travel facilities, ensuring an increased customer base. Such partnerships allow the company to reduce competitive threats from its rivals and extend its sales opportunities.

## **Weaknesses**

#### Lack of innovation

A number of new energy drinks have been launched in 2004. Raw Energy Fuel Cell is a Canadian vitamin and glucose drink, which is endorsed by World Wrestling Entertainment. This product contains no taurine and has less caffeine than rival offerings. It also comes in 330ml PET bottles as opposed to Red Bull's 250ml cans. Other firms are also making headway in the market by introducing sports drink packaging and other initiatives. With little change in its product format, Red Bull is being left behind from the majority of its competitors.

#### Reliant on small product base

The company only markets one branded product, Red Bull Energy Drink (along with a sugarfree variety). It is therefore vulnerable to market fluctuations, especially as the energy and sports drink category in which it operates is the smallest sector of the overall soft drinks market. With consumer interest turning away from Red Bull's major strength of carbonates towards healthier alternatives, the firm is finding itself as less of a giant in the playing field. The company would therefore benefit from introducing drinks into other, more successful drinks categories.

#### Marketing expense

Extensive marketing efforts are required for Red Bull to boost product sales. The energy drinks have high association with fashion and youth trends, and the company must project itself as in line with this in the face of giant rivals such as PepsiCo. Despite the massive costs Red Bull's marketing campaigns, its rivals also investing huge amounts, resulting in Red Bull gaining smaller returns from these investments.

## **Opportunities**

### Diversification of retail outlets

Red Bull has recently detailed an initiative to use vending as a new route to increase sales. Vending is increasingly acting as an important advertising vehicle and the company is exploiting this avenue in order to stimulate growth. The manufacturers of Coca-Cola and Pepsi have long used this route, and firms such as GlaxoSmithKline and Outspan have also entered the market. Red Bull's decision to introduce vending illustrates its commitment to diversify its distribution network and keep up with industry trends.

### Extension of product line

New entrants into the market are unlikely, as extensive marketing and promotion are required to retain market share, needing large financial resources. Datamonitor expects the most successful new product in the market is likely to be an extension of an existing brand, and will succeed best in the non-cola carbonates sector of the market. Marketing products as functional drinks the company may be able to extend its product line, capitalizing on strong consumer awareness of its brand.

### Geographical expansion

With sales derived from 100 countries, Red Bull has an extensive geographical reach. The company is building upon this by making inroads into developing markets such as India. With a distribution deal secured with Mount Shivalik and Narang Hospitality Services, these firms will market distribute and manage the logistics of the drink. Red Bull will initially be promoted in North, East and Central India, with a view of rolling out the product to further regions in the long-term. The Asia Pacific region holds a good opportunity for growth for Red bull as in 2003 it accounted for 50.9% of the global market share of the Functional drinks market (40% of which is energy drinks). The market is also predicted to grow at CAGR 5.2% in the next five years reaching a market value of around \$16.1 billion by 2008.

## **Threats**

#### Public health concerns

Red Bull's energy drink has been banned in France due to concerns over its high caffeine content. Experts fear that the drink could be potentially deadly when combined with alcohol or when drunk after strenuous exercise. The move has been backed by the EU's high court, asserting that the drink is a real risk to public health if consumed in excess. Denmark is the only other country to ban Red Bull, although authorities in Ireland, Turkey and the US have expressed concerns about it. The drink is classified as a medicine in Norway and until recent years was only available in pharmacies in Japan. These issues are creating significant adverse press for the company.

#### Maturing market

The energy drinks market has witnessed slowing growth in recent years. In 2003, the US carbonated soft drink industry posted volume growth of only +0.6% overall. That growth rate represents a slight decrease from the 2002 growth rate of +0.8%. It is far below the industry's annual 2%-4% growth rate range seen throughout most of the 1990s. This slowdown in growth may inhibit the company's revenue expansion potential going forward.

#### Consumer awareness of health and well being

Drinks retailers are becoming increasingly aware of the potential growth in bottled water sales. Per capita consumption of bottled water has now risen to 35 liters, in comparison to one liter 20 years ago. Consumers are becoming increasingly aware of their health, and bottled water is associated with health and well being. Although Red Bull has recently launched Red Bull Sugarfree, the drink's high caffeine content may remain a concern for the health conscious.



Copyright of Red Bull GmbH SWOT Analysis is the property of Datamonitor Plc and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.