

Case study:

# SPORTS AND BUSINESS STRATEGY OF "RED BULL"<sup>1</sup>

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## 1. INTRODUCTION

This case study talks about strategic management in sports on the example of Austrian entrepreneur Dietrich Mateschitz, co-founder, owner and until recently CEO of Red Bull.<sup>2</sup> This world-famous manufacturer of energy drinks is more of a marketing phenomenon than a manufacturer, even Red Bull sold 11.6 billion cans worldwide in postpandemic 2022 enough to provide caffeine to more than 80% of the planet. In only 36 years (RB founded in 1987!) of their existence,

they have entered the positive psyche of millions of global consumers, even those who have never even tasted their products. They were not harmed by articles about the negative long-term consequences for the health of consumers (increased risk of diabetes, kidney damage and caries). It is an Austrian company that keeps financial information about its operations strictly confidential. They invest almost 30 percent of their total revenue each year for marketing purposes.

Austrian billionaire Mateschitz (photo) has created a unique company and a globally known sports brand through wise and unscrupulous moves, and how he is increasing the extension of the name of that energy drink through various sports clubs he owns ([www.statista.com](http://www.statista.com)). In 2022, the company was worth about 17 billion euros on the market and had close to 16,000 employees in 175 countries. Let's get to know his mantra for business success: *Destroy the old, create the new, impose the rules and endure the wrath of the people.*

## 2. IT ALL BEGAN IN THAILAND

*"The secret of Red Bull's success lies in the fact that it is actually a marketing machine. They built a brand, but that brand may not be a drink at all,"* write Mitchelson and Meyer (2018). Red Bull's marketing is built on human beings, not products. Their official website is full of video clips about extreme sports such as cliff diving (high jumps) and dirt-bike riding (a type of motocross). They have

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<sup>1</sup> This original case study is the result of the author's research. It was written in 2020, and amended and supplemented on August 3, 2023. It integrates the practice of management, which makes the theoretical propositions livelier, illustrative and credible. It serves only as a basis for thinking with discussion and exchange of opinions in lectures, and not as an explicit example of an effective or ineffective solution to a real business situation. All rights reserved. Copyright2023©Perkov savjetovanje.

<sup>2</sup> Died at the end of 2022 at the age of 78.

their own Formula 1 teams as well as a number of sports clubs and events around the globe that include racing, football or climbing. They also invest a lot in music and culture, and sponsor large music events such as the Red Bull Culture Clash.

After it took him 10 years to graduate in marketing from the University of Vienna, Dietrich Mateschitz first got a job at Unilever, where he worked on the promotion of detergents. After that, he worked as an international marketing director for Blendax, a German shampoo and toothpaste company whose goal at the time was to adapt the taste and develop a marketing strategy for the Asian market (<http://businesscasestudies.co.uk>).

It was the summer of 1982. the year Mateschitz landed in steamy Bangkok. Wanting to refresh himself at a nearby kiosk, he tried to buy a cola or some similar Western non-alcoholic drink. But the seller offered him a strange yellow can with a large sign of two red bulls running towards each other. Immediately after draining the drink, he became interested in the contents of the can. A drink called Krating Daeng - made of water, sugar, caffeine, inositol, B vitamins and taurine - was invented seven years earlier by Chaleo Yoovidhya, a local entrepreneur and owner of a small pharmaceutical company. In Thai, Krating Daeng means "red bull". Yoovidhya sold this drink with the message that it increases energy and advertised it mainly at popular Thai boxing tournaments.

A similar concept was unimaginable in Europe, and the idea that one could enter into a marketing competition with global giants in the segment of soft drinks seemed utopian. Nevertheless, Mateschitz decided to give it a try. Chaleo Yoovidhya agreed to Mateschitz's persuasion to invest half a million dollars each and to found a company called Red Bull GmbH in 1984. Chaleo and Dietrich each hold 49% of the shares, and they gave the remaining 2% to Chaleo's son Chalermo.

It was agreed that the company would be managed by Mateschitz. With his willingness to change the long-rooted rules of the game, Mateschitz conquered the business world, became one of the most respected marketers in history and amassed a huge fortune that grew along with the company's success. As of May 2022, Dieter Mateschitz's net worth was estimated at \$27.4 billion, making him the 51st richest man in the world ([www.forbes.com](http://www.forbes.com)). Until his death in 2012 (at the age of 88), Chaleo reached the position of the 3rd richest entrepreneur in Thailand, so his son Chalermo is a billionaire today.

### 2.1. **Red Bull** (*gives you wings*)

Between 1984 and 1987, Red Bull GmbH slightly changed the original recipe of Chaleo's drink to better suit the habits of European Western consumers, carbonated it and reduced the sweetness to create a new brand and an innovative promotional concept focused at the generation of millennials who are becoming serious generators of consumption. The logo, slogan and packaging were designed by Johannes Kastner, director of a marketing company in Frankfurt.

After several different attempts, the design (two red bulls fiercely attacking each other), the slogan ("*Red Bull gives you wings*") and the packaging colors (silver-blue can) were accepted. The production contract was reached with the leading producer of non-alcoholic beverages in Germany – the company Roman Rauch.

"There is no market for this drink!" - Mateschitz said at the beginning, but we will create it! Mateschitz immediately started applying his lucid marketing ideas to drinks in tin bottles. Red Bull was launched as an energy drink on April 1, 1987. in Austria in the carbonated version.



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In 1992, it expanded to Hungary and Slovenia, in 1997 to the USA (via California) and in 2000 to the Middle East. In Austria, success was lightning fast thanks to young marketing professionals. Today, in most countries, it holds the majority of the energy drink market, sometimes up to 80 percent. Over time, it practically became a generic name

for the entire category of energy drinks. It is sold in a tall and narrow blue-silver can, and in Thailand and in some parts of Asia in wider golden cans under the name Krating Daeng or Red Bull Classic. These are two different brands and are manufactured separately.

"Don't bring the product to the consumer, bring the consumer to the product!" - said Mateschitz, and he thoroughly dealt with the application of that idea. Red Bull has a distinctive approach because it uses a progressive marketing strategy of constantly developing the brand. This is how Red Bull collaborates with consumers using new and exciting communication channels. As Walker (2009) states, in 2001, in the early phase of introducing their energy drink on the American market, they tested their own marketing tricks. They included a group of extreme sports enthusiasts who planned to kiteboard with the help of the wind to cover 140 kilometers from Key West, Florida to Paradero, Cuba. There were no advertisements anywhere, no spectators, no journalists, and it was not clear who the drink - which slowly began to appear in the bars of the French Quarter in New Orleans - was meant for. But today, Red Bull leads among hundreds of market competitors. They have managed to establish a secret dialogue with consumers, a dialogue between what they buy and who they are and how it changes.

## 2.2. Red Bull GmbH



The company's headquarter (pictured) on Lake Fuschl am See does not have a company's logo and has a very attractive architecture. The parent company Red Bull GmbH - from 7.8 billion in the previous, very successful 2021 - achieved 9.9 billion euros in total revenue in 2022. It consists of a lot of subsidiaries that have little or nothing to do with the production of energy drinks, but have a lot to do with brand image. Red Bull sponsors athletes in 73 countries around the world. Parts of what this multinational company has in its portfolio are:

- *Formula 1*: timovi Red Bull Racing i Scuderia Toro Rosso.
- *Nascar team*: Red Bull Racing Team.
- *Ice hockey*: EHC Red Bull Munchen, EC Red Bull Salzburg
- *Football clubs*: New York Red Bulls (USA), Red Bull Salzburg (Austria), RB Leipzig (Germany), Red Bull Bragantino (Brazil).
- *Discography*: Red Bull Records (Los Angeles-USA).

Red Bull invests as much as 40% of its income in marketing (of which a third of the budget goes to Formula 1 races) and it pays off well. They use various forms of marketing, from guerilla tactics and public events to large sponsorships and national advertising campaigns. They are extremely consistent in their branding, so that it is currently difficult to find any major sporting event without Red Bull's trademark. Some of the bizarre postulates of Mateschitz's business strategy are these:

- *"When you find three smart people, then they don't need a chain of command."*
- *"In the company, there are no titles such as director, chairman of the board, etc., but "titles" from American football have been taken over. Therefore, there is an offensive line, a defensive line, quarterbacks and coaches".*
- *"The company has no control mechanisms, because it believes in personal responsibility and motivation".*

## 3. MARKETING IN SPORTS

After much thought, Mateschitz decided to further promote his product through sports. Instead of classic ways of advertising and placing ordinary advertisements next to sports fields, Mateschitz again invents something new. Namely, he noticed that sports commentators often pronounce team names and therefore decided to buy a team in Formula 1, after Jaguar changed owners. He called it Red Bull

Racing. The expensive marketing plan bore fruit and now sports broadcasts with mention of Red Bull have become inevitable.

They introduce their product to the market through the advertising of various events (Red Bull Air Race, Red Bull Crashed Ice), through the ownership of sports teams (RB Leipzig, FC Red Bull Salzburg, Red Bull Brasil, Red Bull New York, Red Bull Racing, Scuderia Toro Rosso ), collaborations with famous people and through music through his publishing house Red Bull Records. They have also been publicly criticized many times for their marketing of extreme sports videos, including those with at least six known deaths. Robb Gaffney, a doctor and freeskier, described Red Bull's marketing approach as unethical. They were also criticized for health risks, but the EFSA (European Food Safety Authority) concluded that the levels of taurine and glucuronolactone in this drink are safe and do not harm the health of consumers.

Marketing is carefully directed towards teenagers, students and athletes that they have identified as their target market group. The results are spectacular. Red Bull's success was so great that in some countries it captured as much as 80% of the soft drink market. In the USA, Red Bull held a 43% market share in 2020, ahead of the Monster and Energy Drink brands.

Digital and social media campaigns are an integral part of Red Bull's marketing strategy to improve the communication process, as well as consumer engagement and loyalty. A key aspect of Red Bull promotion is creating a true relationship with individual athletes, such as Australian Robbie Maddison, who – in year 2009 - managed to achieve his life's goal when he performed the first *back-flip* on a motorcycle over the elevated Tower Bridge in London. By supporting these athletes to push themselves beyond their limits, Red Bull is able to engage with consumers. Their events are such that they provide experiences that excite, surprise and challenge both participants and spectators. They use many innovations in promotion. Here are some original marketing initiatives:



✓ **Red Bull Wings Team.** A team of young people hit the road in their Mini to help launch the product in new markets. The branded Mini has a large Red Bull can on the roof (pictured). Team members distribute chilled drinks to people who need energy to show and prove the quality of their product. By involving consumers in a fun and safe way of interaction, they create a personal and positive experience related to the product. For example, in 2010, the Wings Team took part in a mini-race from London to Brighton and before the start offered the contestants a cold can of Red Bull.

As a special example, the Red Bull Wings Team has proven to be a very important part of the marketing strategy when entering a new market.

- ✓ **Student Brand Manager Programme.** Some students help activate various events on campus. They organize activities across the UK to get people talking about the product.
- ✓ **Red Bull Bedroom Jam.** This is a competition to help young musicians get out of their bedroom and onto the big stage, giving them an experience they might never be able to have. Red Bull records bands playing live from their bedroom and puts the same footage online. The bands that get the most attention online then compete for support related to their longer-term music careers and get the chance to play at UK festivals. This helps create interesting media attention and encourages people to talk about the brand.
- ✓ **Red Bull Reporter.** This concept provides an opportunity for young writers, filmmakers and reporters to apply and report on Red Bull events, giving them the opportunity to have their work published in various publications.

Such creative and original projects help the company to capture the attention of the public. Their goal is to build brand loyalty by creating a relationship with consumers. Digital and social media are fundamental elements for all campaigns. These tools provide direct and relevant lines of communication with Red Bull's core target group – the youth! Facebook, Twitter and online blogs serve for consumers to exchange information with each other more quickly. These channels make “word of mouth” and their pull strategy more effective. To stay competitive and communicate with consumers, they are constantly creating new online ways to reach their audience. It also uses various smartphone applications to promote its campaigns.

Unlike advertising campaigns that have to be planned months in advance, the great advantage of some of the techniques used by Red Bull is that they are easily adaptable and can be quickly improved if necessary. The measure of the success of Red Bull's promotions is not only reflected in the return on investment (ROI), because these numbers do not create the whole picture. This is because “*word of mouth*” promotion on paper is difficult to evaluate. Return on sales does not take into account other factors such as long-term consumer loyalty to the brand.

### **3.1. Extreme sports and space.**

Already by advertising through sponsorships of martial arts events in its native Thailand, Red Bull's marketing concept was based on the connection with sports. However, over the past twenty years, Mateschitz has taken it to a whole new level. It started through sponsorships of extreme and street sports, a fast-growing niche that attracted a large number of young people. Red Bull has organized skateboard competitions, a world tour in diving from extreme heights and light aircraft races. Red Bull's brand - in the perception of young people - has become synonymous with fast and furious, self-confident and unpredictable as part of the “counterculture”.

Thus, as part of the Red Bull Stratos project, in 2012 the world record for jumping from the highest height ever was broken. On October 14, Austrian BASE jumper and extreme athlete Felix Baumgartner

made a free (and fastest) fall to New Mexico (USA) from a height of 39 km in the stratosphere from a special capsule carried by a helium-filled balloon. Red Bull earned as much as 6 billion euros in advertising during this jump from the stratosphere. The 50 million euros invested brought a 12 thousand percent profit, brand analyst Gerhard Hrebiczek pointed out to the Viennese daily "Oesterreich". Red Bull will also benefit from this historic jump in the long term.

Namely, according to Eurobrand, the value of Red Bull rose to 17 billion euros after this jump. Hrebiczek believes that Red Bull has the potential to become the European Apple and that the company should enter the market with a new product, such as a car. The next logical step was to enter motor sports, so Mateschitz started sponsoring teams in rally and motor racing. After the initial successes, he founded his own teams in these sports. The repeated sponsorship of the winners of the Dakar Rally does not need to be highlighted. After that, he focused on the most prestigious discipline of world motor sport - Formula 1!

### 3.2. ***Entering Formula 1.***

For decades, Formula 1 was a competition with clearly divided roles. Several of the traditional big teams, such as Ferrari, McLaren and Williams, fought for the titles, while the smaller teams participated only as secondary actors, participants who gave the competition a charm, but without a real chance of being competitive in it. Red Bull first joined the competition as a sponsor of one such team - the British Jaguar - but after Jaguar was no longer ready to participate financially, in 2004 it took over ownership. Mateschitz could not deal with the big players in terms of investments, but he concluded that he could do so through a smart selection of partners.

The very next year, he appointed a young British manager Christian Horner, who – with no experience in Formula 1 team - had significant success in the Formula 3 competition. As a practical help to Horner, the seasoned veteran David Coulthard was hired as a driver. Such a combination of youth and experience very quickly began to produce results; Red Bull Racing recorded their first ranking among the top three drivers in the race already the following year, and they finished the 2009 season second in the constructors' standings.

However, to fight for the very top of Formula 1, Red Bull lacked money, so Mateschitz started looking for innovative ways to make up for that deficit. The solution came in the form of Toro Rosso (red bull in Italian), the second Red Bull team that Mateschitz set up after taking over rival Minardi. He immediately changed its name. Having two teams in the same competition, he managed to significantly reduce the costs of developing cars and engines and increase the visibility of his brands. Although there was no rule prohibiting such a practice, no one in the sport had attempted it before, probably because of suspicions that such an arrangement would disturb the regularity of the competition.

The formula proved to be successful, and between 2010 and 2013 Red Bull won two double crowns in Formula 1. The German Sebastian Vettel - a product of the Red Bull driver's academy - became the youngest winner of the double "double crown" in the history of the sport.



Dutchman Max Verstappen (photo) made his Formula 1 debut in 2015 at the Austrian Grand Prix in a Scuderia Toro Rosso car at the age of 17 years and 166 days, becoming the youngest driver in F1 history. The following year, after four races, he moved to Red Bull. So far, he has recorded 37 victories and has been world champion for two years in a row (2021 and 2022) under the banner

of Red Bull. He is the third highest paid driver in Formula 1 ever. The young driver (25) often publicly thanks Red Bull for giving him the opportunity to prove himself.

Leading Formula 1 team *Red Bull Racing* is perhaps the best example of the best use of motor racing as a marketing generator. Of course, this energy drink giant is not the only owner that derives promotional benefit from F1 races. Car manufacturers do this too, but they use F1 to showcase their products in action and the improvements to their vehicles that they have designed at the factory. Unlike them, Mateschitz's company sees F1 races as an opportunity to showcase the Red Bull brand. The income of Red Bull Technology, which deals with businesses related to F1 races, comes from three main sources. The first are sponsorship contracts, the second are prize money earned at races, and the third, the largest source comes from the coffers of Red Bull GmbH and related companies (about 35%). See the figure below from year 2016!

*Figure. Total income and expenses of Red Bull Technology (2016.)*

Payments from Red Bull and affiliated companies	112 million dollars
Other income	207 million dollars
Total income	319 million dollars
Total expenses	307 million dollars
Net profit	10,8 million dollars

Izvor: <https://www.forbes.com/sites/csylvt/2018/05/12/how-red-bull-made-a-10-3-million-profit-from-f1-but-still-finished-in-the-red/#1d33756b55f1>

The net profit achieved is the highest of all teams in F1. In addition, the company's logo is shown to a global television audience of over 352 million each year. They have partnership agreements with Renault and Aston Martin, and they signed the largest sponsorship agreement with the luxury car manufacturer Infiniti, which also became the team's business partner. And the "boss" of F1 Bernie Ecclestone recognized the values of Red Bull and signed a contract with Mateschitz's team worth 25



million dollars (effective until 2020). He provided them with an additional bonus and began to elevate them above other teams in terms of financial power. Sponsorships have the smallest share in the filling of income, because much more funds are brought by prize money. They make up 47.5 percent of the total profit of the entire competition and are divided into two parts. The first part is shared by the ten leading teams in Formula 1, while the second part is divided depending on the position in the table. The incomes obtained in this way brought the Red Bull team an increase in income from 86.5 to 94.2 million dollars. The reason for this "symbolic" supplement lies in the increase of the fund that the teams share among themselves from 689.5 million to a total of 751.8 million dollars per season.

#### **4. ENTRANCE TO THE HOLY GRAIL OF WORLD SPORTS – FOOTBALL!**

At the beginning of 2005, Red Bull bought Austria Salzburg, a club with a great past that only ten years earlier under the leadership of Otto Barić played in the Uefa Cup final, and then sank into millions of losses. The takeover was followed by what would become Mateschitz's usual approach: the club's name was changed to Red Bull, the existing club structure disintegrated, and the traditional purple jersey color replaced by red and white. Of course, as in the case of Minardi, violent protests by fans followed. A rival fan club was even founded, and many continued to wear Austria's old jerseys and scarves to the stadium out of defiance. Until Red Bull banned them. Many in the public were appalled by such treatment, but Mateschitz did not let it distract him.

The club has invested considerable money in the development of infrastructure for training younger categories, and a highly developed scouting network has been set up with the aim of identifying great talents as early as possible and trying to bring them to the club. The idea, then, was to find a soccer Vettel. In the summer of 2012, they will buy a young Senegalese striker named Sadio Mané from the French Metz for only 4 million euros. A year later, he will be sold to the English Southampton for three times the amount, and in a couple of seasons Mané will end up in Liverpool as an indispensable member of the first team of the European champion and one of the best football players in the world.

Red Bull Salzburg will achieve complete dominance in Austrian football, but Mateschitz had no intention to stop there. Again following the same model as in Formula 1, it takes over soccer teams in New York and Brazil. As these were clubs that did not have a significant past, Red Bull's rebranding process was less painful than in Salzburg. But the top of that pyramid was missing - a club from one of the big European leagues that could become globally competitive!

##### **4.1. *Gvardiol also came to RB Leipzig***

With this purpose in mind, in 2009, Red Bull bought the license of the German lower league SSV Markranstädt, a club located in a town of 10 thousands inhabitants in the western suburbs of Leipzig. The choice was not accidental. The once strong football clubs in East Germany collapsed after reunification, so that part of the country has not had a representative in the top tier of German football

since 1994. It was similar with Leipzig. There was no serious football club in the city, but there was a modern stadium (Zentralstadion) with about 40 thousands seats built in 2004 for the needs of the world football championship two years later. Today it is called Red Bull Arena.

Red Bull was ready to carry out its usual procedure in Leipzig, but this time there were legal obstacles. First of all, the rules of the German football league prevent clubs from bearing the name of commercial companies, if they have not previously been owned by them for 20 years. Also, German clubs are formally organized as non-profit associations, and ownership control is left to club members - that is, fans. Both of these rules were bypassed by Mateschitz. The club was named RB Leipzig, and that prefix was formally attributed to the term "*Rasen Ballsport*", which literally means "*Ball games on grass*". The rule on the participation of fans in the management of the club is avoided by the structure in which the umbrella association that owns the club has only thirteen members, almost all of whom are Red Bull employees. New memberships are prevented by astronomical annual membership fees. As expected, such a model caused great indignation among fans of competing clubs, especially after RB Leipzig entered the first German league in 2016. Some form of protest was organized at practically every of their away matches, and several fan groups boycotted going to the away game in Leipzig. Mateschitz didn't care too much. He continued to apply his standard model of sports management in Leipzig. Determined to consolidate the management of football clubs in his portfolio, he once again broke the unwritten rule of football by appointing the famous German coach Ralf Rangnick to simultaneously serve as sporting director of RB Leipzig and Red Bull Salzburg. After one season, Rangnick took over the coaching position in Leipzig.



He introduced the club to the Bundesliga, and then left it to the young Austrian coach Ralph Hasenhüttl. He managed Leipzig for one season, then moved to England's Southampton. Rangnick then hired the young Julian Nagelsmann, the 32-year-old coach of rival Hoffenheim. Rangnick will assume the position of Red Bull's Director of Football Development, responsible for the sporting policy of all Red Bull clubs worldwide. Once again we see youth and experience at work. Between several football greats, Red Bull also won the battle for Dynamo's Joško Gvardiol (photo), the Croatian national team player who joined former teammate, Spaniard Dani Olmo in Leipzig for 18.8 million euros in the summer of 2021. In August 2023,

Guardiol was sold to the famous Manchester City as the most expensively paid defender in the history of football!

#### **4.2. Destruction of football culture**

Mateschitz's football project has reached its peak. Both of his European clubs performed very competitively in the Champions League, and RB Leipzig ranks highly in the Bundesliga. Many football

romantics see such a scenario as a new step in the destruction of European football culture, but it is hard to escape the impression that many are jealous of his success. Unlike Russian oligarchs and Arab sheiks, Red Bull's football success is not based on investing huge amounts of money, but - on the contrary - on smart management and staffing. In its ten years of existence, RB Leipzig has a transfer deficit of only 40 million euros, while Salzburg has a surplus of 55 million. Also, the largest part of Red Bull's financial investments related to training camps and infrastructure for young players. Ticket prices - another hot topic in German football - have not increased in Leipzig and are lower than in most competing clubs!

Around 2020, there was speculation in the world media that Red Bull could take over the Danish Brøndby, another club with a glorious past and a less brilliant present. However, Red Bull did not find the support of the local fans of the ten-time Danish champion who were not impressed by the possibility of being financed by the Austrian company. Factions of Brøndby fans have called on their club to avoid any negotiations with Red Bull. *"Red Bull represents everything we despise and fought not to become,"* the fans wrote. *"If Red Bull joins Brøndby IF, we will no longer be able to identify with the club as active fans. In Salzburg and Leipzig, we can see how Austrian financiers turned real football clubs into pure business. They changed logos, colors, stadium names... everything! We will never allow that to happen to our club".*

## 5. DIGITAL TECHNOLOGY IN THE FUNCTION OF ACHIEVING SPORTS RESULTS

Through the digital transformation of sports, biometric data and performance data are generated in increasing numbers. This data is becoming more and more visible through changes in presentation when broadcasting sports competitions. This is an area where the Innovation Lab at Red Bull Media House has been busy with numerous experiments (Volans, 2019). In 2014, representatives of the Red Bull Innovation Lab visited a young start-up at the Technical University of Munich. They were introduced to the centimeter-accurate tracking system. Red Bull then supported them and helped them introduce their technology to the sports industry.



In January 2018, Red Bull was approached by Max Stöckl, an Austrian mountain bike rider who had long had the ambition to ride his bike down the Streif, the legendary downhill course in Kitzbühl, Austria. The 3.3 km long descent descends 860 m and is considered one of the most challenging downhill runs in the world of skiing. The Innovation Lab moved from its

headquarters in Salzburg to Kitzbühl, so that the Red Bull production team could join Stöckl on the mountain. Multiple sensors, cameras, and microphones were installed on the rider's body and bike,

which allowed the team to synchronize various biometric and mechanical metadata accompanied by video and audio. During multiple drills and attempts, at one point the rider fell off the bike down a dangerous slope. Analysis of the biometric data revealed that each time, three seconds before the same problematic Steilhang turn on the icy white track - which appeared to be relatively flat - Stöckl felt a significant adrenaline rush. Three seconds before the fall, his body - before his brain - warned him: *"Hey! You won't make it!"*

In the sixth attempt, "Mad Max" (photo) managed to go down the icy slope on two wheels in three minutes and six seconds, reaching a maximum speed of 106 km/h (and even 168 heartbeats per minute!). When asked what was different this time, he replied: *"I listened to my gut!"*

Since technology is not the problem, the highest level of precision can be demanded. Working with Max Stöckl during the week, the lab developed a prototype that combined GPS and speed data with video; after selecting a specific location on the map, the video jumps directly to the relevant frames and speed data. During the week of testing, the Red Bull team determined that the civilian GPS was not accurate. They discovered deviations of up to 38 m, which can be extremely dangerous for an athlete on a steep mountain.

## 6. CONCLUSION

Red Bull is an internationally recognized brand and has customers across the globe. Their innovative marketing strategies have created a strong brand reputation. However, high price and lack of variety can hamper their business, considering many new players are entering the market offering similar beverages at a cheaper rate. The company needs to make a strategy to compete with other leading brands. Red Bull's marketing budget is among the largest among carbonated beverage manufacturers. In 2022, it was estimated at 2.9 billion euros, i.e. approx. 25-30% of annual revenues. The costs of the ingredients of that drink (water, carbon dioxide, sugar and aromatic additives) are immeasurably lower compared to the selling price paid by consumers. The profit margins on sugary drinks are huge. If the Austrian conglomerate did not invest so much in marketing and advertising, sales would drop significantly because that beverage would no longer be at the top of the minds of consumers, who would therefore return to the established routine of purchasing such as Coca-Cola.

Due to his proverbial willingness to change and adapt, Mateschitz has become one of the most hated men in world football. Namely, while conquering the world of motorcycle and car racing, he also turned to the holy grail of world sports - football! Mateschitz has indeed shown himself to be inconsiderate of the traditions and culture of the sports clubs he took over. However, it was necessary to admit that - before his arrival - these were losing sports teams. Mateschitz's compatriot, the great economist Joseph Schumpeter, once coined the term "creative destruction" to explain the cycles of economic innovation and the business cycle, and the creation of new values based on the destruction of previous ones. In many ways, Red Bull's sports conglomerate is based on this principle: persistent and determined insistence on excellence, focus on the result and not accepting the status quo. Red Bull "gives wings" to

concepts and new, digital technology every day by testing it on athletes and sports events of this unique company.

Mateschitz's sports and marketing machine will not stop. They have been announcing their entry into the most prestigious football league for a long time - the English Premiership! Of course, the big question now is in which strategic direction the company will move after the departure of its unique co-founder and visionary leader.

### QUESTIONS FOR DISCUSSION

1. What did you basically learn about strategic management in sports from the Red Bull case study? What generic strategy do they use? Explain!
2. How did they manage to create a completely new market segment of energy drinks and create a consumption habit among customers?
3. What characteristics would you use to describe the late founder Mateschitz as a manager-strategist who plays by his own rules in sports and business in general? Was he unscrupulous in changing the long-entrenched "rules of the game"? Give an example!
4. In your opinion, are there ethically questionable and debatable strategic determinants of Red Bull's business (from the health of the product and the culture of operations to the relationship with the fans, club members)?
5. Is Red Bull a good example of broad diversification considering that it deals with production, sports and marketing on which it makes money?
6. Is this company actually a marketing phenomenon, i.e. a "marketing machine"?
7. Who is their target group?
8. What are the main features of Red Bull's marketing strategy and Mateschitz's strategic postulates?
9. In which activity in its internal value chain does Red Bull add the most value?
10. What are their greatest strengths, weaknesses, opportunities and threats (SWOT)? Only the three most important notes for each, please!

### SOURCES

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