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**Commercial communication of RED BULL on the Czech  
market**

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**Declaration**

I hereby declare that I am the sole author of the thesis entitled “Thesis Title“. I duly marked out all quotations. The used literature and sources are stated in the attached list of references.

In Prague on

Signature .....

### **Acknolegdement**

I hereby wish to express my appreciation and gratitude to the supervisor of my thesis,  
*Ing. Přemysl Průša, Ph.D*

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# INTRODUCTION

It is well known that on today's market, in almost every country, we can definitely find energy drinks on the shelves of the stores, gas stations or in our favourite bars. One of the most famous is Red Bull. This energy drink is produced by Red Bull GmbH, an Austrian company and it has the largest market share in the world. We can see its presence, as sponsors, in a lot of different sporting events, usually the extreme ones. This is why the company originally targeted young sportsmen as their potential consumers. But today the slogan "Red Bull gives you wings" is well known by many different kinds of people worldwide and the drink is consumed in quite large quantities, for many different reasons.

In my bachelors thesis, I decided to analyse the Czech market of energy drinks and to show specialities and uniqueness of Red Bull. And in the end, to make a critical analysis of its commercial communication in the Czech market, as well as to make some recommendations for a possible future commercial strategy.

Firstly, we will define the basic terms that are going to be used throughout this thesis and also clarify the steps of the future work. After, in the second part, the methodology used will be very clear and useful to understand better our study of Red Bull. To begin, we will analyse the Czech energy drinks market, where we will introduce the case study of Red Bull. At this point, to be able to analyse efficiently the brand itself, the questionnaire survey will be introduced, and at the end, the image of the chosen company will be described as well as some possible brand recommendations.

The reason why I picked this specific topic is because I believe that the Red Bull brand is widely known by a lot of people and the efforts that they put into their promotion and brand work is massive but largely unknown by a lot of consumers. Also, Red Bull is about something more than just an energy drink which is interesting to know. Even though the product itself has a lot of competition, it remains, by far, the most frequent selling energy drink on the market.

To help this thesis to be more instructive, different sources have been used including books on marketing and brand management, as well as different articles that made possible this thesis to be complete. Also different web sites have been used, for instance, the official information about the Red Bull company and its history were taken from various web sites.

# THEORETICAL PART

## 1 DEFINING THE TERMS

To begin we will define some basic terms that are going to be used throughout the work, so that the readers that are maybe not familiar with this study are able to understand better the second part of this thesis, which will be analysis of the Red Bull company. This theoretical part is crucial to identify terms that are important for our analysis, and make us more familiar with the specific vocabulary.

### 1.1 Marketing

In the first part we will start by identifying some specific marketing topics. But do we even know what “marketing” is? There is a number of different possible definitions that can be provided, although at the end, all of them mean the same process. *Marketing is about identifying and meeting social needs*<sup>1</sup>. One of the most common way to explain it, is by explaining that is “marketing is, meeting needs profitably”. A lot of firms that we see in our every day life, originally based their idea on this meaning. They wanted to profit by offering to people what they truly need, at price that are advantageous for the companies. People cannot live without food and water, but in today’s world, in the twenty-first century, there are even more needs that have become important in the daily life of people. For instance, luxurious clothes, houses and cars ,etc. For some of us, these goods have become a part of our needs, although not as live savers but to fulfil our own desires. We do not need this but we appreciate comfort and beautiful things. So basically these things have become what people need or want for their own pleasure. That is why the opportunity to build such firms that provide us with this comfort and these “extra” goods became real and highly profitable. For example cars (Aston Martin) or bags and clothes (Chanel, Dior) that were about to satisfy these specific people’s needs; also named by Maslow’s, hedonic needs or cognitive need. Hedonic need is “*the need to achieve pleasure from a product; most likely associated with emotions or fantasies derived from consuming a product*”<sup>2</sup> and cognitive need “*the need to buy something new, to enjoy, to learn, to explore...*”<sup>3</sup>. This is what marketing is about. It tries

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<sup>1</sup> Kotler, P., & Keller, K. L. (2009). Marketing management. Upper Saddle River, N.J: Pearson Prentice Hall

<sup>2</sup> Design and Marketing Dictionary (2009). Design and Marketing Dictionary (Hedonic need) [online] Available at: <http://design-marketing-dictionary.blogspot.cz/2010/01/hedonic-need.html>

<sup>3</sup> Premysl Prusa, Retail Marketing - Lecture 1, Winter semester, 2016, At University of Economics, Prague, Czech Republic.

to make people want these goods by promoting them and making them exclusive or special, so that in the future, these particular companies can profit.

### 1.1.1 Marketing strategy

Now we move to some specific terms of marketing. We will start by identifying what is Marketing strategy.

Marketing strategy is an “*organization's strategy that combines all of its marketing goals into one comprehensive plan, and is actually the foundation of a marketing plan*”<sup>4</sup>. Every company needs a good marketing strategy in order to make a profit and beat competition. As Seth Godin, an american author and marketer, once said: “Marketing is not an emergency. It’s a planned, thoughtful exercise that started a long time ago and doesn’t end until you’re done”<sup>5</sup>. On the way to good marketing strategy, the first step is to analyse the market, analyse the competition and also understand the potential consumers. All of this can be done through SWOT analysis, which is “*the overall evaluation of a company's strengths, weaknesses, opportunities, and threats*”<sup>6</sup>. A SWOT analysis can be broken down into two distinct parts: the strengths and weaknesses, based on internal environmental factors and the opportunities with threats, based on external environmental factors.

Internal environmental factors are those occurring within a company and they have a significant impact on the company’s success. By analysing internal strengths and weaknesses, the businesses can evaluate its position among the competitors. Nevertheless external environmental factors, i.e. opportunities and threats, also play an important role in a companies path to success. And again, a company can compare itself to other already existing competitors presented in the market. This analysis is a simple tool to start an effective marketing strategy. It needs to be done precisely in order to have the best description of the actual market. All the data collected must be verified in the end. Also this analysis is often accompanied by different tools to help the information to be precise and well formulated. Tools such as PEST analysis, or Porter’s 5 forces analysis.

Porter's five forces analysis, help marketers to obtain a better overview of the market of specific industry and the competitors, as displayed in the graph (see annex 1).

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<sup>4</sup> Business Dictionary (2017). Marketing strategy. [online] Available at: <http://www.businessdictionary.com/definition/marketing-strategy.html>

<sup>5</sup> Martin Machek, Marketing presentation, Winter semester, 2014. At University of Economics, Preague, Czech Republic.

<sup>6</sup> Kotler, P., & Keller, K. L. (2009). Marketing management. Upper Saddle River, N.J: Pearson Prentice Hall



All of this together can help a company to provide a good future for the development of their product to the market.

The second step is usually the one, where the company chooses the best fitting strategy. This step also involves the goal formulation. To achieve this success, firms need to sort out their goals which has to be rated from the most important to the least important one. Goals have to be especially realistic and also the time and final objective have to be clearly defined. Furthermore, the marketing mix (this term will be defined later on), based on all of the information collected till now, should be provided at this point.

Once all of these important steps are conducted, one should review and revise all the information found and eventually, if needed, make some adjustments. After all the final steps are completed and everything is verified and clear, the realisation of the marketing plan can be born into effect.

### **1.1.2 Segmentation, Targeting and Positioning**

Next up is a very important part of marketing strategy, segmentation, targeting and positioning. This, also called STP model, is very important because as we might know, not everyone has the same needs, wants, desires or wishes. Moreover, it is crucial for marketers to analyse different aspects, in order to decide later what segment should be a target.

Firstly we start by looking at what segmentation<sup>7</sup> means. It is just “the process of subdividing a large homogenous market into clearly identifiable segments having similar needs, wants, or demand characteristics”<sup>8</sup>. And so the best way for the marketers to be efficient is to analyse the market by demographic, geographic, psychographic and behavioural criteria among buyers<sup>9</sup>.

1-Geographic segmentation: divide the market, or more precisely, the group of people geographically, by nations, states, countries, cities, regions or just neighbourhoods. The company can operate in one geographical location, or in few of them. But one should definitely pay attention to different needs in different locations.

2-Demographic segmentation: divide the market or group of people, by age, family size, family life cycle, gender, income, occupation, education, religion, nationality, and social

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<sup>7</sup> Kotler, P., & Keller, K. L. (2009). Marketing management. Upper Saddle River, N.J: Pearson Prentice Hall

<sup>8</sup> Business Dictionary (2017). Market segmentation. [online], Available at: <http://www.businessdictionary.com/definition/market-segmentation.html>

<sup>9</sup> Kotler, P., & Keller, K. L. (2009). Marketing management. Upper Saddle River, N.J: Pearson Prentice Hall

class. This division is important because is often associated with people's needs and wishes, it depends on their age, gender, income etc. what they are willing to spend for a specific product.

3-Psychographic segmentation: divide the market or group of people by their lifestyle, their values and norms, and just by their psychological factors, because the world is not seen the same way by all of us.

4-Behavioural segmentation: divide the market or buyers into groups, by their knowledge of, attitude toward, use of, or response to a product.

After the segmentation, marketers must have a clear idea, which segment is the best suited for the product introduction into the market and is the one that might be a target.

The next term among STP's, is targeting. Targeting comes after segmentation, so once the marketer has selected its segment groups, it is time to choose what group to target, and also, to what group one will sell which goods or which services. To be able to provide a good analysis of the market, one can provide PEST analysis<sup>10</sup>, which is political, economical, social and technological marco-environmental factors analysis. This process can provide the marketers with information about the potential presence of the risks that the product will not be well- adapted by a particular segment or some other problems that can occur.

The last of STP model, is Positioning<sup>11</sup>. Its function is to describe, *how marketers want their product to be positioned in the market and how one want its product to be described in the mind of the buyers*. In this step one should analyse why its product is better than the competitor's one and what are the targeted segment's needs and wants.

After completing the STP model, one is ready to proceed to it's marketing mix.

### **1.1.3 Marketing Mix and 4P's**

Marketing mix is composed of 4P's which stands for product, price, place and promotion. This mix will help to bring, successfully, a new or already existing product to the market and is often one way to verify the efficiency of proposed marketing strategy. The term marketing mix can be defined as "*A planned mix of the controllable elements of a product's marketing plan commonly termed as 4Ps. These four elements are adjusted until the right combination is*

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<sup>10</sup> Mind Tools Ltd, (1996-2017). Segmentation, Targeting and Positioning model. [online], Available at: <https://www.mindtools.com/pages/article/stp-model.htm>

<sup>11</sup> Mind Tools Ltd, (1996-2017). Segmentation, Targeting and Positioning model. [online], Available at: <https://www.mindtools.com/pages/article/stp-model.htm>

*found that serves the needs of the product's customers, while generating optimum income*"<sup>12</sup>. However, to better understand an objective of these four elements, a small explanation for each will be given.

The 4P's model were first introduced by E.J. McCarthy in 1960, who pursued the ideas of Neil Borden and James Culliton, two american academics. The first of 4P is the product. To understand even better, we can put some questions, to which one should respond in order to be able to be the most efficient in its marketing strategy; for instance *what does the costumer want from the product? What need does it satisfy? How and where the product is going to be used?*<sup>13</sup> Basically, it should be clear what one is going to sell, so the product itself, the name, brand, packaging, all of these features should be determined, as well as how the product differs from other competitors. What is more, one should carry out an analysis of a product life-cycle. This product should, of course, satisfy the consumer's needs or wants. Nevertheless, the selling object could have a few different functions toward the buyers which can be the actual function of the product for which the consumer is buying this exact item and some more unexpected benefits that it can bring them, or maybe a few "extra" functions that are again unexpected or "undesired" by the consumer at the beginning. We can also mention an important definition of the term product, which has been provided by P. Kotler, who said: *"a product is more than a tangible 'thing'"*<sup>14</sup>. He divides the term into five product levels, and show the product from a consumer point of view. These five level are<sup>15</sup>:

- Core product: It is just the actual product, and its purpose to the user. As for instance a cup is made to drink tea or coffee from it.
- Generic product: By this P. Kotler describes all the qualities of the product. For example, for some clothes is the fit, the material it is made of etc.
- Expected product: This is about what the buyer is expecting when purchasing a specific product. If the consumer is buying a new car, he/she awaits some specific features for which he/she maybe bought this car.

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<sup>12</sup> Business Dictionary, (2017). Marketing mix. [online], Available at: <http://www.businessdictionary.com/definition/marketing-mix.html>

<sup>13</sup> Mind Tools Ltd., (1996-2017). The marketing mix and the **4P's** of marketing. [online], Available at: [https://www.mindtools.com/pages/article/newSTR\\_94.htm](https://www.mindtools.com/pages/article/newSTR_94.htm)

<sup>14</sup> ToolsHero, (2013-2017). Five product levels by Philip Kotler. [online], Available at: <https://www.toolshero.com/marketing/five-product-levels-kotler/>

<sup>15</sup> ToolsHero, (2013-2017). Five product levels by Philip Kotler. [online], Available at: <https://www.toolshero.com/marketing/five-product-levels-kotler/>

- Augmented product: This involves brand identity and image because there are some additional factors that distinguish this product from the competitor's one. It can be just about trends, style, but also service, warranty and good value.
- Potential product: This represents the development and transformation that the product can undergo in the future.

The second P, is the price<sup>16</sup>. The main questions that should be asked here, is *What is the value of the product? How much is it worth? How much could one charge for it? And is the consumer price sensitive?* Although we all are searching for the product that is the cheapest one but still with a good quality. Usually price influences the quantity, as for example: higher price, higher attractiveness and quality, but lower availability (for instance veblen effect, which describes the situation where low prices do not reflect exclusivity perceived by the consumer); and the lower the price, more the buyer becomes suspicious about the quality. This is how a typical consumer would perceive the value of the product. Usually the buyer has its price reference which is based on past experience, or same/similar competitors product or category of product. This price reference also often determines some boundaries and benchmarks according to which the company should set their prices. At least it works for the most common goods. So basically, pricing determines the strategies, like strategy of high price (high end segments), strategy of good value (good quality for reasonable price) and the last economical strategy (for price sensitive buyers).

Next P, is the place<sup>17</sup>. This one is easy to understand, by asking the questions, *where do buyers look for the product or service? Store, supermarkets, boutiques? How can one access the right distribution channels?* So this P, is about the distribution channel used by the company to bring the product to the consumers. We can distinguish three different types of distribution. The first one is an intensive distribution, after the selective distribution (for shopping goods) and the last one exclusive distribution (for selective goods).

And finally the last P, stands for Promotion<sup>18</sup>. *Where and when can you get your marketing messages across to your target market? When and how is the best time to promote? Is there seasonality in the market?* According to Kotler, strategies as advertising and sales promotion

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<sup>16</sup> Martin Machek, Marketing presentation, Winter semester, 2014. At University of Economics, Preague, Czech Republic.

<sup>17</sup> Mind Tools Ltd., (1996-2017). The marketing mix and the **4P's** of marketing. [online], Available at: [https://www.mindtools.com/pages/article/newSTR\\_94.htm](https://www.mindtools.com/pages/article/newSTR_94.htm)

<sup>18</sup> Mind Tools Ltd., (1996-2017). The marketing mix and the **4P's** of marketing. [online], Available at: [https://www.mindtools.com/pages/article/newSTR\\_94.htm](https://www.mindtools.com/pages/article/newSTR_94.htm)

should be divided by the main communication mix tools. They may work separately or coexist. In both cases, they need to be done in the most efficient way and in the most efficient moment. This promotion process with the rest of 4P's are crucial because it will have the highest impact on the buyer, and on future potential sales.

#### **1.1.4 Commercial communication**

In this last subchapter of this part, we will explain the commercial communication, which is the crucial part of marketing. It is so important because, it is the part where the product gets to the consumer. The part where one should put together all its strong sides on which he decided earlier, and use it to get to the consumer in the best way possible. For instance, through the advertisement, sale promotion, personal selling and direct marketing, events and sponsorship, public relation, product placement and the packaging or just the image of the product itself<sup>19</sup>. These tools will help one to increase its sales and profits, for launching a new product to build a strong brand identity and to communicate important information about the marketing mix toward the potential consumers.

Now we will see in more details each marketing tool<sup>20</sup>. First the advertising, which is a paid communication with consumers to inform or persuade, also called "ATL"<sup>21</sup>, or above the line, which means the mass media. This includes television, radio, or even cinema. And then the "BTL"<sup>22</sup> which means below the line and is all the other sale promotions, sponsorship, and just more specific, targeted messages towards the consumers. Also there are different types of advertisement which could be divided into informative or persuasive. The informative one, is about to give the full information about the product to the consumer, however the persuasive is not always about giving the information to the buyers, but to persuade them to buy their product, to make sure they think this specific product is the best, and they definitely need it. Which brings us to a specific communication model, called: advertising AIDA model (attention - aware buyer about the existence of the product, interest - make sure consumers are interested in the product, desire - make them want to buy it and action - the actual action of

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<sup>19</sup> Martin Machek, Marketing presentation, Winter semester, 2014. At University of Economics, Prague, Czech Republic.

<sup>20</sup> Kotler, P., & Keller, K. L. (2009). Marketing management. Upper Saddle River, N.J: Pearson Prentice Hall

<sup>21</sup> Přemysl Průša, presentation on: Communication - Advertising, Winter semester, 2016, Prague, Czech Republic

<sup>22</sup> Přemysl Průša, presentation on: Communication - Advertising, Winter semester, 2016, Prague, Czech Republic

buying it). This model well explains the work that advertisement companies need to provide in order to profit.

Next up is sale promotion. This one represents price reductions, gifts for free, or after sales services. It was invented so that the consumer tries the product, and hopefully purchases it later. Even though the price reduction can have some disadvantages as profit loss, or quality questioning, it is still very effective. For example, the reduction coupon as, “Buy two and get one for free”, people will do it, and one would profit.

Personal selling and direct marketing is just about personal communication with a consumer, where a relationship exists between a customer and the brand (B2B, B2C), as for instance in trade fairs and exhibitions. Or the direct marketing which communicates with a specific narrow market segment (mass-market segments). This often represents a direct message towards the buyer, SMS, email, letter etc.

Also public relations, but do we all know what is the aim of PR? One of definition possible is “the practice of managing the flow of information between an individual or an organisation and the public”<sup>23</sup>. This tool is an important part of commercial communication. It enables the company to be associated with the information that it wants to release to the world. It is often information provided by journalists that are trusted and non-marketing related. The press also helps the company to share information which it wanted to be shared.

And the last one, events and sponsorship, provides the consumers with emotional experience that they are able to undergo and where they can be connected with the product. Sponsorship that can be financial or non-financial support it can be a sporting event, or some cultural event where the product can be introduced to the particular large segments.

## 1.2 Brand

In this part, we will analyse the brand related terms that are going to be used throughout this thesis. To initiate this subchapter, brand positioning will be described. Afterwards, the brand identity and brand image are going to be defined, after which we will analyse the brand management and finally the brand value.

But first *what is a brand?* There are a lot of different definitions possible. Furthermore there exist a lot of disagreements between experts when it comes to the brand definition. Often each specialist has its own explanation of the term. But one that is relatively general, and quite easy

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<sup>23</sup> Boundless, (2017) "The Purpose of Public Relations" Boundless Business. [online], Available at: <https://www.boundless.com/business/textbooks/boundless-business-textbook/marketing-communications-17/public-relations-105/the-purpose-of-public-relations-495-8086/>

to understand is: “(brand is a) *unique design, sign, symbol, words, or a combination of these, employed in creating an image that identifies a product and differentiates it from its competitors. Over time, this image becomes associated with a level of credibility, quality, and satisfaction in the consumer's mind*”<sup>24</sup>. Another possible definition, according to G.Franzen is: “*Brand is a network of association in the mind of consumers*”<sup>25</sup>. Basically, the brand should be associated with a specific kind of product in the consumer's mind, for example, luxury clothing brands as Chanel or Dior or beverages as Coca-cola or coffee and Nescafe (or other brands). Today people often, instead of saying: “I will get a coffee” say: “I will get a Starbucks” (or some other brand again). This is what a company wants people to do. It wants to popularise its brand, to penetrate into people's minds, and make sure that they remember their brand, because consumers more often choose a well know brand instead of one that is not very well known. A lot of companies concentrate more on the marketing procedures of their development and often forgot to pay the same or even bigger attention to the brand. And then there exists some other companies that base their success on the brand name. Sometimes it works, and sometimes it is not what the company needed. But this is not what this part is about, so let's proceed to some important term explanation.

### **1.2.1 Brand positioning**

The first definition and explanation that is going to be provided is, the brand positioning. According to J. Kapferer “*Positioning a brand means emphasising the distinctive characteristics that make it different from its competitors and appealing to the public*”<sup>26</sup>.

Also J. Kapferer believes, that there are four main questions (mentioned below) that should be answered so that one is able to position the brand efficiently.

- A brand for what benefit? - this is about to understand what benefits the buyers are going to obtain from the product, what one promised to them. As for example, Kiehl's facial and body treatment products are natural and not tested on animals, or in orange juice Granini there is almost 90% of oranges, or some chocolate bars as Snickers can reduce your hunger and anger etc.
- A brand for whom? -one should be sure about for whom the brand is oriented to. For instance, Disney is oriented toward a young generation and Chanel is oriented toward

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<sup>24</sup> Business Dictionary, (2017). Brand. [online], Available at:  
<http://www.businessdictionary.com/definition/brand.html>

<sup>25</sup> Přemysl Průša, presentation on: Brand management, Winter semester, 2016, Prague, Czech Republic

<sup>26</sup> Kapferer, J. (2008). The new strategic brand management. London: Kogan Page

women in their thirties that have a sufficient income to be able to purchase an item in this boutique. At the beginning, you must define the segments, afterwards, you can position your brand on the market and distinguish it from the already existing opponents.

- Reason? - here one should claim and explain the benefits that the product or brand itself provides for the consumer.
- A brand against whom? - by this, one should define its competitors and be able to see if there is a possibility to partly capture some of the clients of its opponents. Especially in today's market, it has been an important step in the pursuit of success of the brand since the last few decades when the market grew massively and extremely fast.

The positioning of the brand, is very important, and it reminds one that consumers decisions are made on the basis of comparison, and thus this motivates companies to develop their brand and improve it, in order to be the best out of all the other contestants. Companies want their brand to have this special place in consumers minds, so that their product or brand is wanted to be bought instead of another, the competitor's one. Brand positioning involves identifying and determining points of similarity and difference among the competitors, and thus defined the best brand identity and to create a proper brand image<sup>27</sup>.

### **1.2.2 Brand identity and Brand image**

In this subchapter, brand identity and brand image are going to be explained. These two elements are, as one may think, the most important in the brand management process. According to J-N. Kapferer *"A brand is not the name of a product. It is the vision that drives the creation of products and services under that name. That vision, the key belief of the brands and its core values is called identity. It drives vibrant brands able to create advocates, a real cult and loyalty."*<sup>28</sup>. This brings us to a closer look at what is actually the brand identity? It is a name? A symbol? A message? A picture? Yes, it is all of these combined. Brand identity is a set of associations, qualities and values related to the brand. It is the "picture" of a brand created by the owners, or defined by the company<sup>29</sup>. The brand, tries to recall some set of associations in the buyer's mind, they "develop" the brand, to create a specific picture, and specific features in the consumer's head.

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<sup>27</sup> Management Study Guide, (2017). Brand positioning - definition and concept. [online], Available at: <http://www.managementstudyguide.com/brand-positioning.htm>

<sup>28</sup> Kapferer, J. (2008). The new strategic brand management. London: Kogan Page

<sup>29</sup> Přemysl Průša, presentation on: Brand management, Winter semester, 2016, Prague, Czech Republic



Aaker, an American specialist in marketing with a focus on a brand strategy, divides the brand identity into three explicit parts<sup>30</sup>:

- Brand as a product: this includes the scope of the brand, a product's features, price and quality ratio, typical consumption occasions, typical consumer, country of origin...
- Brand personality: brand as a person - human qualities, brand as an organisation - it's features, brand as a symbol, picture in a consumer's mind which basically means the relationship created between the buyer and the brand. And also symbol, that represents some kind of imaginary associations that the owners put into the minds of consumers.
- Value(s) proposal: functional values, emotional values, values of self expression. How the brand is managed to make consumers feel and how they again perceive it. This represents also the definition of the brand image by K. L. Keller, for whom the brand image is "*the set of fundamental attributes and values of the brand*"<sup>31</sup>. In addition, the definition of the values proposal by some other specialists is divided into: functional value, expressive and impressive values and social values (as for instance brand identity by Franzen).

This term is used, to describe the process of strengthening of brand strategy and the trade as the consumers perception.

On the other hand, the term 'brand image', is used to define the consumer's mental picture of the brand. It reflects how the buyer perceives the brand. Sometimes one can tend to see the terms brand identity and the brand image as the same idea but differently expressed and this is not usually the case. Often this image is associated with some lived experiences of consumers, some physically lived moments. Sometimes it is something they heard from friends or family, and sometimes it is based on some previous experiences with this brand or a product of the same kind. This perception can be even associated with the price level, if the price is too high and not accessible for everyone or priced too low, the consumer can question the quality at the moment when the consumer meets the product or the brand for the first time. It can change their perception about the future purchases of a product of this kind or from this brand. And if this brand management of a particular company is not well done and thought through, it can damage the future relationship with their potential loyal buyers.

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<sup>30</sup> Přemysl Průša, presentation on: Brand management, Winter semester, 2016, Prague, Czech Republic

<sup>31</sup> Kotler, P., & Keller, K. L. (2009). Marketing management. Upper Saddle River, N.J: Pearson Prentice Hall

### 1.2.3 Brand Value

Before to proceed to an explanation of what is brand management, it is necessary to define the term of a brand value, since these two are closely related. The brand value is a very important topic among business and marketers and especially among startups. This is something that everybody wants to achieve, that their brand has a value among buyers and that it has bigger value than the opponents. As for instance, Steve Jobs, co-founder, chief and chair man of Apple Inc., once said: *“To me, marketing is about values. This is a very complicated world, it’s a very noisy world. And we’re not going to get the chance to get people to remember much about us. No company is. So we have to be really clear on what we want them to know about us.”*<sup>32</sup>. This is exactly what one should do, in order to be successful, and make a big sale, a good definition of the brand value has been provided by already mentioned earlier Seth Godin, who wrote: *“A brand’s value is merely the sum total of how much extra people will pay, or how often they choose, the expectations, memories, stories and relationships of one brand over the alternatives.”*<sup>33</sup>. There is often a problem when marketers think that buyers only wants a cheaper product, which in some part is true. For instance, if companies would provide people with a product of the same quality and same value but at different prices according to brands. But the reality is that the buyer that looks at prices while purchasing some item, will not only recognise the low price tag but also he/she will analyse the quality, the content and the differences with other competitor’s proposed products. So this is the main thing to do, to make sure that one is clear about its goals in brand management. If the focus is to concentrate on low price offers and not the quality, one should make clear that one part of potential clients will choose the quality over price, and vice versa. If one chooses quality over price, it may loose some price sensitive clients.

K.L. Keller, came up with a model based on brand equity that calculated the brand value. First, let’s give a simple definition to be more familiar with the term brand equity: *“Brand equity refers to a value premium that a company generates from a product with a recognizable name, when compared to a generic equivalent. Companies can create brand equity for their products by making them memorable, easily recognizable, and superior in*

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<sup>32</sup> Forbes Media LLC., (2017). Brand value: What it means (finally) and how to control it. [online], Available at: <https://www.forbes.com/sites/steveolenski/2015/09/15/brand-value-what-it-means-finally-and-how-to-control-it/#1a4ce2f213b2>

<sup>33</sup> Forbes Media LLC., (2017). Brand value: What it means (finally) and how to control it. [online], Available at: <https://www.forbes.com/sites/steveolenski/2015/09/15/brand-value-what-it-means-finally-and-how-to-control-it/#1a4ce2f213b2>

*quality and reliability*”<sup>34</sup>. To be able to realise this brand value calculation by Keller, one should focus on these four aspects of brand equity: brand awareness (popularity of the brand), brand associations, consumer preferences, market position of a brand<sup>35</sup> (three last refers to how big is the market share).

However, this valuation of the brand value by Keller is not the only one available. There also exists plenty more, and all of them are efficient and do not differ much in their results. For instance, cost based brand valuation, where the brand is evaluated using the accumulation of individual costs or values of brand assets and liabilities. Or market based brand valuation, which is “*one or more valuation methods by comparing similar brands which have been sold*”<sup>36</sup>. These methods can involve comparison of market transactions like the specific sales, company transactions, and stock market quotations.

To see world’s most valuable brand in nowadays and back to 2016, see Annex 2.

But all of these above mentioned term about brand, brings one, to the question, *what put these processes all together to make a strong brand, and developed it through time, and surpass the concurrence?* It is an efficient brand management.

#### **1.2.4 Brand Management**

For the last term in this first theoretical part, one will try to understand what is brand management. According to Scott M. Davis, brand management is a “*process of brand value management*”<sup>37</sup>. Now that one knows that brand value is how much the brand is actually worth, we can proceed to see in more details how all of this process works. A.S Davis divided brand management into four parts<sup>38</sup>:

- I. Brand vision** - which includes: the brand vision determination
- II. Brand picture** - includes: brand identity, brand promise and business model
- III. Brand management strategy** - including: brand positioning, brand extension, communication strategy, distribution and price, price premium

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<sup>34</sup> Investopedia, LLC., (2017). Brand equity. [online], Available at: <http://www.investopedia.com/terms/b/brandequity.asp>

<sup>35</sup> Přemysl Průša, presentation on: Brand management, Winter semester, 2016, Prague, Czech Republic

<sup>36</sup> About, Inc. - The balance, (2017). How to calculate your *brand's* value. [online], Available at: <https://www.thebalance.com/how-to-calculate-your-brand-s-value-2295186>

<sup>37</sup> Scott M. Davis (2002): Brand Asset Management: Driving Profitable Growth Through Your Brands, Wiley

<sup>38</sup> Přemysl Průša, presentation on: Brand management, Winter semester, 2016, Prague, Czech Republic

**IV. Organisational culture oriented on brands** - which finally includes: brand management effectiveness measures and organisational culture.

We won't go through all of these terms, since the most important ones were already explained earlier. But instead, we will see another strategic brand management process, introduced by K.L. Keller. Almost all of the marketing specialists agree that brand management is about improvement of brand value through association and images they try to issue, and incorporate into buyers' minds. This process involves the strengthening of brand equity, and enables to increase prices, and therefore build a strong relationship with loyal consumers through these positive images. To be able to build this strong brand value is crucial to being well-aware about the brand itself, which can later bring marketers to the best strategic plan from which they will profit on the maximum level.

For K.L. Keller brand management "*involves the design and implementation of marketing programs and activities to build, measure, and manage brand equity*"<sup>39</sup>. In his book, he defines strategic brand management process, as having four main parts<sup>40</sup>: identifying and developing brand plans, designing and implementing brand marketing programs, measuring and interpreting brand performances and last one growing and sustaining brand equity. Now these four steps will be explained in more details.

- Identifying and developing brand plan: it includes brand positioning model which analyses how to develop and position the brand in the market in order to differ and compete with the competition. Brand resonance model, this one focuses on building a strong relationship with potential loyal clients. And the last one, brand value chain, which is about understanding better the financial impact of brand marketing expenditures and investments.
- Designing and implementing brand marketing programs: after properly positioning the brand, it is time to achieve the best brand equity possible in three main steps: (i) to realise all the four steps of brand management process mentioned above, (ii) to manage few marketing activities and supporting programs and integrate the brand into them in the most efficient way, for instance sponsoring, and (iii) to integrate the brand with some extra association, as for example country of origin, or distribution channels or simply an another brand's product of the same kind.

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<sup>39</sup> Keller, K.L.: Strategic Brand Management: Building, Measuring, and Managing Brand Equity, Prentice Hall

<sup>40</sup> Keller, K.L.: Strategic Brand Management: Building, Measuring, and Managing Brand Equity, Prentice Hall

- Measuring and interpreting brand performances: in order to succeed and efficiently design marketing strategy, marketers may implement a brand equity system in the right way. It is a set of research processes made to ease the owners access to important information, so they can make improvements and decision that will be beneficial for the brand. To be able to implement such a procedure, there are three steps to provide: brand audit - examination and improvement of equity, brand tracking (studies) - quantitative measures of brand performance and at the end, brand equity management system - improvement and usage of brand equity within a firm.
  
- Growing and sustaining brand equity: focus on understanding “how branding strategies should reflect corporate concerns and be adjusted, if at all, over time or over geographical boundaries or multiple market segments”<sup>41</sup>. Is important to define three main terms in this subdivision. First brand architecture, which is cut into two concepts, brand portfolio (specific product offers to specific buyers, in specific categories) and brand hierarchy (show amount and origin of common and distinctive brand parts across one set of brands). The second is to manage brand equity over time, this just says that the process of brand management may be long, and in this long period of time, a lot of things as a buyer’s perspective, or future marketing program may change. And the last one, to manage brand equity over geographic boundaries, cultures and market segments, says that one should be prepared in brand equity management as to distinguish different kinds of consumers. This one is important if the expansion of the brand goes overseas. In this case, one should be well-informed, about the behaviour and experiences of those new foreign segments.

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<sup>41</sup> Keller, K.L.: Strategic Brand Management: Building, Measuring, and Managing Brand Equity, Prentice Hall

## **PRACTICAL PART**

### **2 Situation analysis of Czech energy drink's market**

After all the important terms have been defined, we can now proceed to practical part of this thesis in which Czech energy drink market will be introduced, and later on, a case of Red Bull on the Czech market will be analysed.

#### **2.1 Introduction to Czech energy drink's market**

In this chapter, one will be able to penetrate into the Czech energy drinks market and obtain a basic overview, thus later be able to understand better and situate easier Red Bull on this particular market. It is important for marketers to understand the market in order to position themselves, and position their competitors. Using this information, one is allowed to choose the area where it would be the most convenient for him to compete with others. So let's proceed to the description of the Czech market for energy drinks.

##### **2.1.1 Energy drinks market (competition)**

As we all may know, in today's market there is a huge variety of beverages that according to their label are aimed to boost our energy. There exist different types of coffee: coffee with high caffeine content, and with low caffeine, tea, coca-cola, chocolate and of course energy drinks.

Energy drinks market is growing really fast, these beverages are becoming more and more popular, especially among younger generations. According to Marek Teyssler from Czech Red Bull Communications, the market of energy drinks is growing about 30% per year<sup>42</sup>. The growth occurs during the whole year, but the biggest "jump" in sales is due in summer. It is the time when the biggest number of people are visiting music clubs, bars and festivals where the drink is usually mixed with alcohol. Especially in Czech Republic these mixtures of energy drink with vodka, Jagermeister or Absinth is very popular and people do not always realise how dangerous the consumption of this cocktail can be. Czech manager of music clubs Duplex and Mecca Jan Čerovsky said<sup>43</sup>, that he noticed that mostly men were buying these combinations of energy drink and alcohol. According to Čerovsky, it is about 70% of men and 30% of women. The question, "getting wing" but at what cost?, should worry producers

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<sup>42</sup> Economica, a.s., Hospodářské Noviny IHNE (1996-2017). Trh s energetickými nápoji roste. [online]. Available at: <http://mam.ihned.cz/c1-21898030-trh-s-energetickymi-napoji-roste>

<sup>43</sup> Economica, a.s., Hospodářské Noviny IHNE (1996-2017). Trh s energetickými nápoji roste. [online]. Available at: <http://mam.ihned.cz/c1-21898030-trh-s-energetickymi-napoji-roste>

of these beverages, because it is their biggest risk to lose the demand due to bad reputation among consumers. But since the harmful part of these boosting beverages is not a secret, the companies started to eliminate at least the harmfulness of sugar contained in these drinks, by producing some kind of alternative. As for example sugar free drinks, or zero calories etc. This development of course increased even more the consumption of these drinks, as was noticed by Boris Maly, from marketing department of Czech supermarket Globus<sup>44</sup>. Another strategy that has been produced by Red Bull company, is that they showed the world the process which happens in your body from the first moment you consumed an energy drink, through the moment that our body gets rid of the excess sugar and caffeine, ending with the situation of your body 7 days later (see Annex 3). By this company wanted to show its consumers that they think about the harmful part of the beverage and they think about the people, what automatically in buyer's mind became as a positive side and maybe even changed the perception of the product.

Although all of these negative impacts that energy drinks provides, the market of this beverages has experienced a remarkable growth in popularity and in the last 25 years the consumption of these relatively new type of energy boosters has increased really fast. Even though the last few years these beverages became more popular especially among younger generations, energy drinks still occupy only 1% of the overall non-alcoholic beverages market<sup>45</sup>. This is due to the fact that the drink is consumed only occasionally, on special events or special situations as parties, sport events or even during long study nights. Also according to the European Food Safety Authority (EFSA), the consumption among children and adolescents is low, or even negligible<sup>46</sup>. And the consumption of other caffeine consistent products, as for instance coca-cola, coffee, chocolate is by far higher than the consumption of energetic beverages. Which is also represented on the statistics of daily consumption of caffeine among people of all ages in Europe (and other part of the world, as for example United States).

### **2.1.2 Energy drinks brands in Czech Republic**

In the Czech Republic, Red Bull energy drink holds a firmer grip in the nation than other energetics. This is due to the fact that consumers in the Republic are more likely to be

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<sup>44</sup> Economica, a.s., Hospodářské Noviny IHNED (1996-2017). Trh s energetickými nápoji roste. [online], Available at: <http://mam.ihned.cz/c1-21898030-trh-s-energetickymi-napoji-roste>

<sup>45</sup> energydrinkseurope.org (2014). Consumption data. [online], Available at: <http://www.energydrinkseurope.org/consumption-statistics/>

<sup>46</sup> energydrinkseurope.org (2014). Consumption data. [online], Available at: <http://www.energydrinkseurope.org/consumption-statistics/>

loyal to the brand itself than for example, in countries like Poland or Hungary where the buyers are more price sensitive than Czechs<sup>47</sup>. The biggest Red Bull competitor in the Czech Republic nowadays is Kofola. The Kofola brand does not only specialise on the drink similar to coca-cola with a specific recipe and flavour, but also on mineral water “Rajec”, or syrup named “jupí” and some other beverages (for more Kofola products see Annex 4). The brand is also a distributor on the Czech and Slovakian market of mineral water Evian, Badoit and Rauch juices as well as an official distributor of curing water Vincentka. Under this CzechoSlovakian brand we can also find Semtex energy drink that tries to overcome Red Bull on the markets of the Czech Republic, Slovakia, Poland, Slovenia and Croatia<sup>48</sup>.

Semtex is a partner of the Czech hockey team and this is one of the reasons why it take such a big place in Czech market. Before Semtex became part of Kofola, it was manufactured by the company named Pinelli. Since 1995, it is the first energy drinks produced in the country and it has been named after a worldwide known plastic explosive, which also originated in the Czechoslovakia. Semtex is consumed by a lot of Czechs, due to it lower price (which will be shown later) and similar quality to Red Bull.

So Red Bull and Semtex, are the two most important competitors presented on the Czech market. But they do compete also with other beverages, as: Burn, Monster, BigShock, Rockstar, Tiger and some of specific supermarket brands, as Albert energy drink, or a couple from Billa named Fire Bird and maximal G. Also, these energy drinks compete indirectly with some coffee products which can represent an alternative to energy drinks. As for example Colt Brew, Mr. Brown or even Starbucks came up with so called “double shot energy”.

However as it was already mentioned, Red Bull remain number one in volume sale share. During the last few years, Red Bull has had over 70% of market share in more that 100 countries worldwide<sup>49</sup>. Also the drink were copied by more that 100 competitors<sup>50</sup>, including

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<sup>47</sup> Sport Business Connections Central Europe, (2011-2017). The sports energy drinks market in Poland, the Czech Republic and Hungary. [online], Available at: <http://cesport.eu/en/Nd/i/more/The+Sports+Energy+Drinks+market+in+Poland,+the+Czech+Republic+%26+Hungary/idn/2660>

<sup>48</sup> Kofola ČeskoSlovenko, (2017). Jsme Kofola. [online], Available at: <http://www.firma.kofola.cz/obsah/profil-spolecnosti>

<sup>49</sup> Personal Selling Power, Inc, (1998-2017). The powerful sales strategy behind Red Bull. [online], Available at: <http://www.sellingpower.com/content/article/index.php?a=9437/the-powerful-sales-strategy-behind-red-bull&page=1>

<sup>50</sup> Personal Selling Power, Inc, (1998-2017). The powerful sales strategy behind Red Bull. [online], Available at: <http://www.sellingpower.com/content/article/index.php?a=9437/the-powerful-sales-strategy-behind-red-bull&page=1>



companies as Coca-Cola, Anheuser-Busch or already mentioned Kofola. These companies hoped to overtake the market share of Red Bull but they have never succeeded. *On the Czech market Red Bull have about 43%<sup>51</sup> of market share. The companies's biggest competitors are Semtex and Monster with market shares resulting in around 39%, and finally Rockstar with only 10% of market shares against its competitors<sup>52</sup>.* So in Czech Republic as well as in the world, Red Bull has an important place in the energy drinks market.

In order to be able to position the brands on the Czech market, the prices of each brand will be presented and compared to each other. But since there exist a lot of different sizes, flavours and different packages, it's hard to compare everything. But in order to position these brands on the market, it's still important to know at least some basic prices. The prices have been taken from online Tesco supermarket<sup>53</sup>, and also from online shop Rohlik.cz<sup>54</sup>.

*First for 250 ml of Red Bull Czech buyer must pay 35,90CZK, which results in 143,60CZK per litre but for a can of 473 ml he will pay 59,90CZK (126,64CZK per litre). Now the costs introduced will be for 500 ml can: Semtex (Czech energy drink) is 35,90CZK (or 71,80CZK per litre), for BigShock is 36,90CZK (73,80CZK per litre), Burn is 29,90CZK (59,80CZK/litre), Monster costs 36,90CZK (73,80CZK/litre), for Rockstar one will pay 29,90CZK (59,80CZK/litre) and finally Tiger which costs only 19,90CZK (39,80). Further cost for 250 ml of iced coffee Mr.Brown, is 30CZK and cost for iced coffee from Colt Brew is around 55CZK (for 330 ml).*

As one may notice, the most expensive energetic on the Czech market is Red Bull. Buyers must pay for a smaller amount of Red Bull, the same price as for Semtex which has twice the amount of the product. Of course the lesser known brands are usually cheaper than the ones with widely known names. As for instance, supermarket brands can cost the buyer around 10CZK for 500 ml, which comparing to Red Bull, is really cheap. But the question "getting wings but at what cost?" still remains. Maybe by paying higher price, one obtains much better quality and thus damages less one's health. And what should be the risk for marketers, on the market of carbonated drinks, is a company producing beverages as iced coffee, which has the

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<sup>51</sup> LinkedIn Corporation, (2017). Red Bull analysis. [online], Available at: <https://www.slideshare.net/ShotaShakarishvili/redbullanalysis419>

<sup>52</sup> LinkedIn Corporation, (2017). Red Bull analysis. [online], Available at: <https://www.slideshare.net/ShotaShakarishvili/redbullanalysis419>

<sup>53</sup> Tesco Stores ČR, (2017). Groceries-Drinks-Energy Drinks. [online], Available at: <https://nakup.itesco.cz/groceries/en-GB/shop/drinks/energy-drinks/energy-drinks>

<sup>54</sup> Rohlik.cz, (2017). Napoje-Energetické drinks a ledové kávy. [online], Available at: <https://www.rohlik.cz/c300108038-energeticke-drinky-a-ledove-kavy>

same effect on a humans body in terms of energy. But theses beverages are usually very natural and do not have a bad influence on the human body that much. Although there exist alternatives to energy drinks, people still keep buying these products especially Red Bull (which will be shown in the next subchapter).

### **2.1.3 Consumer's Behaviour on Czech market of energy drinks**

In this subchapter, one will be able to understand better Czech typical consumer's behaviour.

Information in this part is mainly retrieved from the marketing research. The survey has been performed by the author of this thesis in Prague, Czech Republic, from March to April 2017. Almost all 18 questions were responded by 100 people. There was mainly respondents from the Czech Republic (living here), foreigners living in Prague or Czechs originally from the Republic but living abroad. There were, as well, people from France, United Kingdom, United States of America, Canada and Russia (but mostly all of these people have already visited Prague, or have been living for some time in the country).

A typical energy drink consumer in this survey is a student in age between 18-23 (out of 100 respondents, 85 were in this age, see [Annex 5](#)). In addition 44 respondents out of 100, have claimed that their average monthly income is between 0€-1000€ (represented in [Annex 6](#)).

Furthermore people were asked how often they drink energy drinks in general and most respondent's answer were "sometimes/occasionally", 67 from 100 people (see [Annex 7](#)). So most of those people are energy drink's consumers but do not use this beverage every day, for every occasion. In order to describe energy drink market, people were asked an open question "which energy drinks brands do they know?". Almost all 100 respondents wrote Red Bull in their answers and in addition some other, mostly popular energy drink brands. As for example, Semtex, Monster, Burn, Big-Shock or even supermarket's brand as Crazy tiger or Albert energy drink. This question has been asked in order to find out the knowledge of respondents of energy drink market and even their awareness of some brands. Mostly people's answers included Red Bull, Monster, Big Shock or Semtex as was already mentioned. They are mostly aware of these more famous brands than small brands like Rock Star, or even Crazy Tiger. People in this survey have a wide knowledge of energy drinks. But what is interesting is that no one made the link between coffee or tea as source of energy. Further to analyse the position of different energy drink brands and to find out which one holds position number one, the question "what energy drink brand do you drink the most frequently?" was asked. Out of 100 respondents 76 claimed Red Bull as their first choice of

energy drink. So this shows that the high price (premium price) of Red Bull, do not really play role since the quality of the product it self is high and mostly people are willing to pay a higher price for better quality. Next when it was asked where or for what purpose do people drink energy drinks, most of them responded “to boost up the energy” and the second most common answer was “at the parties” (see Annex 8). By this one can see the purpose of these drinks and also the promotion strategy (shown later in commercial communication subchapter) is working in the right direction, targeting mostly students, hard working people and party lovers.

To um up the information obtained from the survey provided, one can define the consumer’s behaviour on the Czech market of energy drinks is not so much different from other countries. The consumption of these beverages is still in the process of growing. Especially due to younger clients or hard working people. Usually the placement of the product (which will be analysed in the subchapter on marketing mix), is very good. The beverages of this type can be found at any time, day of night and can be consumed by anyone in need.

## **2.2 The case study of Red Bull**

In this Chapter the Red Bull as a product and as a company will be analysed in more details. For instance brand identity, its position on Czech market, marketing mix and commercial communication.

### **2.2.1 History of Red Bull**

Red Bull e energy drink is known in the whole world by excellent athletes, students, people with physically hard jobs and drivers. Since 1987, Red Bull was not only a new products on the market but it has created a completely new category of product itself - energy drinks<sup>55</sup>. Since last 30 years Red Bull gives wings to more than 171 countries in the world. But the success of this beverage was not always like this.

The owner of Red Bull, GmbH, Dietrich Mateschitz, was not the one who invented the famous Red Bull energy drink. The story started back to 1976 in Thailand, where man named Chaleo Yoovidhya invented a drink called “Krating Daeng”. This beverage was very popular among truck drivers and labourers, because the drink aimed to give theses workers some extra energy.

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<sup>55</sup> Red Bull GmbH, (2017). Vzdycky do toho jdeme po hlave. [online], Available at: <http://energydrink-cz.redbull.com>

When Mateschitz went for a trip to Thailand, he discovered this energetic drink, which helped him to cure his jet leg. He was really impressed by the effect that the beverage gave him that he wanted to try to export the product in Austria (where he was from). So he went to Yoovidhya and offered him a 49% of companies share, Mateschitz were going to have also 49% and the last 2% would go to Yoovidhya son. But the deal was that Mateschitz would be the one who runs the company. Thai founder of this energy drink accepted it and after some time of developing and improving the formula and the brand, first business known as Red Bull GmbH opened in Austria in 1987. However the company was not immediately successful. It started its penetration slowly into European market, where the new product took some time to be acquired by the consumers. Only after expansion to United States in 1997, the energy drink became a huge success. And in today's market the company sells in average 4 billion cans per years (internationally). This success can be due to two main things: first it's unique position as an energy drink (it was one of the first energy drink on the market, before creation of today's huge possibility of choices). And the second is their smart marketing tactics that made possible to make the product perceived by the consumers as a luxurious item. The information in this subchapter was retrieved on the same webpage (successstory.com)<sup>56</sup>.

### **2.2.2 Brand Identity**

In this subchapter the brand identity that company tries to reach will be shown. But first it's important to get familiar with their slogan, which has not change since the beginning of their appearance on the market : "Red Bull gives you wings!"<sup>57</sup>. According to the marketing study, which has been performed in Prague, Czech Republic from March to April 2017, where respondents have been asked to describe Red Bull (what come first into their mind), out of 100 people, 80 answered "gives you wings". This can show how the brand slogan is associated with the product it self. The slogan is one of the reasons of such a big success of the company, they achieved to obtain this position in consumer's mind, which distinguish them from other competitors.

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<sup>56</sup> successstory.com, (2017). Red Bull GmbH Success Story. [online], Available at: <https://successstory.com/companies/red-bull>

<sup>57</sup> Red Bull GmbH, (2017). Red Bull vam dava kridla. [online], Available at: <http://energydrink-cz.redbull.com>

So basically the Red Bull's strategy it is very simple, be everywhere<sup>58</sup>. To clarify this statement, we can show an example of how Red Bull tries to be a part of their consumer's life. First Red Bull started to sponsor some extreme sports like snowboarding, motocross and surfing. Company's aim was to promote their product. Which at the time was not that popular (to do it this way). Due to a huge success, Red Bull company decided to create their own sport event as for instance Red Bull X Fighters and Red Bull Air Race<sup>59</sup>. But the biggest event that Red Bull created, was Red Bull Strata, which took place in 2012. This even were really coherent with they slogan since the act was about to jump from the stratosphere<sup>60</sup>. In Annex 9, there is a representation of Red Bull identity prism, which can bring some detailed information.

Further we can describe Red Bull as a product, personality and the brand value or also called Kapferer brand identity prism<sup>61</sup>.

- Product: (will be describe in more details later in marketing mix), slim can, which is easy to hold and to drink from it and also, the can it self is recyclable so the packaging is very functional and practical.
- Personality: Red Bull personality can be identified as exclusive, energetic, sporty, supportive and in some way very friendly. And identity of the product among six Aaker's types of brand personality would be: Excitation, Sophistication and Expertise. Sincerity could also be added to theses adjectives since Red Bull tries to build a relationship of trust between the brand and the customer.
- Brand value: As already mentioned Red Bull dominated the energy drink market all around the world. The product is distributed to all the continents and is sold in over 171 countries. Although the high price of the beverage, people often choose Red Bull over its competitors. It was confirmed in the survey provided where respondents were asked what energy drink they drink the most frequently 76 respondents out of 100 choose Red Bull among other proposed replies (see Annex 10). Red Bull has a lot of advantages, which brings the value of the brand higher. For instance, it offers to the consumer values as: taste, plus today there

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<sup>58</sup> World press, (2017). Energydrink-insights. Brand identity. [online], Available at: <https://energydrinksinsights.wordpress.com/2013/11/15/brand-identity/>

<sup>59</sup> Red Bull GmbH, (2017). Vybrane akce. [online], Available at: <http://www.redbull.com/cz/cs>

<sup>60</sup> World press, (2017). Energydrink-insights. Brand identity. [online], Available at: <https://energydrinksinsights.wordpress.com/2013/11/15/brand-identity/>

<sup>61</sup> World press, (2017). Kapferer brand identity prism - Red Bull. [online], Available at: <https://energydrinks4dummies.wordpress.com/2012/12/04/kapferer-brand-identity-prism-red-bull/>

exist more variation of the beverage, the fact that it gives people energy and power, or lastly the presence of the brand in people's live and its motivation of those people to try something new.

### **2.2.3 Segmentation of the Czech market for Red Bull**

In this subchapter the Czech market will be analysed, in order to show the targeted group of Red Bull. Criteria for segmentation explained in the first chapter of this thesis will be used.

Starting by geographic analysis, on Czech market the target cities are usually big or medium size as for instance Prague, Brno, Olomouc or Plzen. Next, demographically Red Bull usually targets males between 16 to 30 years old (but it is not generalised, Red Bull consumer can be anyone), with middle to high income (since consumers with low income would usually prefer a cheaper alternative). Red Bull is as well intended to working professionals, sport lovers and students. Further a classic Red Bull buyer would be someone open to new adventures, experiences, person who is not scared to do more than expected. One can even say that the aim of this product is to give people the "energy" to do more exiting things which they wouldn't do on a daily basis. Consumer's behaviour toward the product is enthusiastic and usually he would stay loyal to the brand. Especially if the drink is used by the consumer regularly, since the biggest benefit of the beverage against its competitors it is its quality.

Now we can introduce the main target group of Red Bull. In the begging the main target were people who found passion in extreme sports and of course those who worked hard and could use some extra boost during the day. But it can be anyone, street workers, students just generally hard working persons. Usually a typical Red Bull consumer doesn't drink coffee and just prefers Red Bull instead. The company nowadays targets supermarkets, cinemas or some sport or other kind of events. And also music clubs or bars, which bring as to the second targeted group.

Here the gender or age do not play any role. This category consists of party lovers, who like to mix Red Bull with alcohol. Usually the typical consumer in this group would be someone active, social and someone who just like to spend his night out and at the same time have plenty of energy. This category of people increased Red Bull sale by 34%<sup>62</sup> last few year. For instance, as was found in the marketing research provided specially for this thesis, the group of people who drink energy drinks at the parties its quite noticeable. When it was asked, for

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<sup>62</sup> LinkedIn Corporation, (2017). Red Bull analysis. [online], Available at: <https://www.slideshare.net/ShotaShakarishvili/redbullanalysis419>

what purpose do people drink energy drink, 34 out of 100 respondents answered “at the parties” (see [Annex 8](#)). Which is the second biggest number of responses after the one for whom energy drink is to boost their energy (46 out of 100).

#### **2.2.4 Red Bull’s positioning on the Czech market (against it’s competitors)**

Once the target is clear, we can proceed to positioning of the brand on the market. As already mentioned Red Bull was the first energy drink of this kind on European market. Which gave the drink a better place in people’s mind, since Red Bull is the origin of all the other energy drink beverages. Also the beverage has a specific formula, which has been improved and developed in the beginning of brand creation and has never been changes since. Also due to a decrease of demand caused by the big amount of sugar or carbs in the beverage, company developed alternatives which are sugar free or “zero” and as well created seasonal special offers with distinct flavours. Different types of Red Bull are shown in [Annex 11](#). However as could be observed in the market research provided, most of respondents still prefer to drink the classic version of the beverage. The company puts a higher price compared to its opponent as for example Monster or Semtex, which sell their product for a lower price but bigger amount. However Red Bull prices higher its product, for exchange of better quality, which was proved by the respondent of the survey, which rated Red Bull quality on a scale from 1 to 5 (where 5 stand for very good quality), between 4 and 5 (represents 70% of respondents, see [Annex 12](#)).

Out of all energy drinks present on the market nowadays, Red Bull has the biggest market share. Although its high price against its opponents Red Bull has a lot of loyal clients. Brand awareness of the product was proved in the survey provided earlier, where respondents were asked to tell, what energy drink brand they know (with no choice list proposed) and almost everybody answered Red Bull, as their first choice (out of 100 responses only 2 did not mentioned Red Bull).

Now for competition analysis, we will describe a little bit these brands: Monster, Rockstar, Semtex. First Monster, its taste is the most similar to Red Bull one but its differs in price, which is cheaper and the quantity you get for this price, is two time bigger than Red Bull. Second Rockstar, differ a little in taste and a lot in price and the size offered. And the last one Semtex, with completely different taste to Red Bull and its again cheaper and bigger quantity. But the biggest advantage of Semtex on the Czech market, is that the drink was created in Czech Republic, and so some people are more willing to choose the drink from their country, that another which is in addition more expensive.

As one can notice, all these advantages are not enough to overcome Red Bull in its sale and popularity among not only Czech market but the market in general. For instance in 2016, 6,062 billion cans of Red Bull were sold in the whole world<sup>63</sup>.

### 2.2.5 Marketing Mix

In this subchapter, information on marketing mix given in the first theoretical part of this thesis will be used. To better understand how Red Bull beats all its opponents, 4P's (product, price, place, promotion) of the company will be evaluated.

So let's start with first P, which is product. Red Bull is composed of five main ingredients, caffeine, taurine, B-group vitamins, sucrose/glucose and Alpine spring water. The classic beverage is sold in red-silver-blue can (today we can find it in bottles too) and can be found in many different flavours (blueberry, cranberry, lime), sizes (250 ml, 473 ml) and variation as for example Red Bull shot or sugar free version, as was already mentioned (see Annex 11). Red Bull energy drink is an effective beverage in a practical and functional packaging, that gives you "wings" whenever you need. For instance the drink is used in situation as: long driving, working/studying late or as a boost for extreme sport lovers and of course just simply a liquid energy for tired people, who prefer an energy drink over a cup of coffee. To compare Red Bull we can describe a bit its Czech competitor Semtex. This drink is usually provided in Black-Matte 500 ml can (but can be also found in 250 ml) and is offered as well in few different variations (forte, champagne, bloody orange). The beverage composition is based on the same ingredients as Red Bull. But in addition some specific added flavour changes completely the taste of the beverages, which distinguish it from other energetic drinks including Red Bull.

To be able to analyse Red Bull's marketing mix even more, the data of survey provided will be used. First regarding the product, when people were asked on a scale from 1 to 5 (where 1-negative and 5-positive) how would they rate the taste of the product, the responses were in majority positive. Most of the respondents rated the taste between 4 and 5, more precisely 65 out of 100 (see Annex 12). This answer is very positive for the company, since their inputs into the quality and taste are important for them. As well when people were asked, why do they like Red Bull, 43 out of 90 of them responded "because of the taste", it is important to notice that second biggest number of answers to this question was "I don't drink Red Bull at all". Further when the question "rate the packaging of the product" still on the same scale

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<sup>63</sup> Red Bull GmbH, (2017). Explore the world behind the can. [online], Available at: <http://energydrink-us.redbull.com/en/company>



from 1 to 5 were asked, 90 out of 100 respondents answered between 4 and 5, which represent good or very good packaging. And only one person rated the packaging as 1, which is really bad (see Annex 12).

Next P stands for price. Red Bull used premium pricing strategy. The prices are high and variate between approximately 40CZK and 90CZK, depending on where the beverages is being purchased, supermarket or bar. Original energetic beverage which has been discovered by Red Bull cofounder Dietrich Mateschitz in Thailand, has a really low price because it was offered for lower class workers. Once Mateschitz changed the recipe and developed the whole company strategy, he decided that the product would be sold as a high-end item<sup>64</sup>. And due to it high quality, the prices rose quickly. Usually price of Red Bull on the Czech market is about 10%<sup>65</sup> higher than other energy drinks brands presented on the same market.

Concerning the price, to the question “rate the price of the product”, responses were not that positive. 72 people out of 100, rated the price of the product between 2 and 3 and only 7 people describe the price as good and rated it by 5 (see Annex 12). Also when people were asked what do they dislike about Red Bull 28 persons answered that the price is too high. So people do not agree with the price that high (premium price), for the quality or quantity they get.

Third P, is for place. Placement of Red Bull take a huge importance for company’s marketing plan. Since a decent amount of its budget goes to retail stores for make their product more visible and easily accessible on the shelves. The products can be found in super markets, local grocery stores (as Žabka), Gas stations, Restaurants, Bars and Night clubs and of course at sport events. Due to their investments into the placement of the product, people are aware of existence of this brand today. As well the result of 43%<sup>66</sup> market share on the world market of energy drinks has been partly possible through this strategy. Since 2009, Red Bull announced that the company from now on will distribute the drink to Czech Republic by its self. And is also insured by 60 business representatives which are responsible for Red Bull’s effective placement and prices settlements.

And now the last P, which stands for promotion. This part of Red Bull’s marketing is the most important and the most interesting one. All Red Bull’s ways to promote their product(s),

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<sup>64</sup> successstory.com, (2017). Red Bull GmbH Success Story. [online], Available at: <https://successstory.com/companies/red-bull>

<sup>65</sup> LinkedIn Corporation, (2017). Red Bull analysis. [online], Available at: <https://www.slideshare.net/ShotaShakarishvili/redbullanalysis419>

<sup>66</sup> LinkedIn Corporation, (2017). Red Bull analysis. [online], Available at: <https://www.slideshare.net/ShotaShakarishvili/redbullanalysis419>

will be analysed in more details on the next chapter which is the commercial communication of Red Bull. But comparing Red Bull ways of communication with other energy drinks on the Czech market, it is important to notice that a lot of other opponents tries to copy Red Bull. This is due to company's successful plan of promotion and the fact that is quit a challenge to come up with something that effective, which won't be copy of Red Bull communications ways. For instance Semtex tries to connect with consumers through company's logo, which is "To daš" (in translation "you can do it")<sup>67</sup>. Since "Red Bull gives you wings" were really effective among consumer's, Semtex tried to do the same. Further Semtex is sponsoring Czech hokey team, as was already mentioned before in the thesis. We can see its presence in bars, night clubs or some sports event, exactly as Red Bull.

### **2.2.6 Commercial communication of Red Bull**

Company's connection with the consumers is very unique, since Red Bull tries to participate into theirs lives. To do so company creates and hosts specific sports events (mentioned earlier), produces magazines<sup>68</sup> which could interest their buyers and "extreme sporters", posts on social medias informations about some important personas presented in extreme sports world or about some important events in this sphere. As well, very known message "Red Bull gives you wings" can tell that companies aim of their relationship with the clients, is to push theirs limits and help them to achieve their goals. The main idea stays the same but every country which sells Red Bull have its own headquarter. Each of them have the freedom to promote how they desire, according to the type of consumers of this particular country or city.

For instance in Czech Republic the company is located in Prague 6, Dejvice. And Czech do not promote somethings very different then the other countries. As all the others they host most of the sponsor events and they also have a huge presence at the concerts and sport events, in the music clubs etc. To compete with the opponents on the market, Red Bull use so called "buzz marketing"<sup>69</sup> which today is one of the most effective forms of promotion. The aim of this promotion strategy is to get consumer to talk about the product or brand. To do so the company need to get their attention. The best way to do it is by some shocking advertising, something new, unusual and special, different then other "normal"

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<sup>67</sup>Economica, a.s., Hospodářské Noviny IHNED (1996-2017). Semtex opet s promotion. [online], Available at: <http://mam.ihned.cz/c1-30385330-semtex-opet-s-promotion>

<sup>68</sup> Red Bull Media House, (2017). The Red Bulletin. [online], Available at: <https://www.redbulletin.com/int/en>

<sup>69</sup> Hostess & Promoter, (2015). Buzz Marketing: what is it?. [online], Available at: <http://blog.hostess-promoter.com/en/buzz-marketing/>

advertisements. For example in Red Bull, Mateschitz decided to save a little bit of money on advertisement and he hired students. They had to drive around the cities with Minis, with a huge Red Bull can on the top of the cars<sup>70</sup>. By this he got a lot of attention and he introduced the products to another target group, which are the students. Another way how he got the attention from this specific group, is by offering in universities, campuses and event night clubs free samples<sup>71</sup>. The main goal of these free tastings is that, if people like the product they will tell other people and if they like it too then the information about Red Bull (in this specific case), will go on. And at the end, the company will obtain a lot of new consumers, by an easy and unusual way.

Sponsorship of athletes by Red Bull is a huge success as well. For instance a known Swedish free skier and alpine ski racer Jon Olsson is one of many athletes Red Bull sponsors. This brings the company even more success. Even though Red Bull have official pages on social medias as Facebook, Twitter, Youtube and many other and for instance on Czech Facebook, they have nowadays almost 48 million “likes”, it’s still not enough. Jon Olsson today has its own youtube channel<sup>72</sup>, where he does daily video blogs and have almost 700,000 subscribers from all around the world. In almost all of his videos he is wearing his Red Bull cap. And he is not the only one, a lot of other athletes sponsored by Red Bull wore those caps too. What is interesting is that those caps can’t be purchased or sold and given by the athletes. This way of promoting is new, original and what is the most important, it is effective.

Even though Red Bull communication mix is mainly focused on event marketing program, opinion leaders program and sampling<sup>73</sup>. They still have advertising, public relation and sales promotion. Company’s sale promotion is interconnected with sponsorship, because it focus on sponsoring athletes, what was mentioned before. By this company creates an awareness of the product among big amount of audience. Theirs advertising include Red Bulletin, Red Bull Tv, Mobile apps and theirs presence on social media (most of their social medias are presented on Red Bull’s official web page)<sup>74</sup>. Red Bull’s strategy of direct marketing and personal selling is very clear. With the Red Bull vehicle on the streets, their presence in night

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<sup>70</sup> Personal Selling Power, Inc, (1998-2017). The powerful sales strategy behind Red Bull. [online], Available at: <http://www.sellingpower.com/content/article/index.php?a=9437/the-powerful-sales-strategy-behind-red-bull&page=1>

<sup>71</sup> Personal Selling Power, Inc, (1998-2017). The powerful sales strategy behind Red Bull. [online], Available at: <http://www.sellingpower.com/content/article/index.php?a=9437/the-powerful-sales-strategy-behind-red-bull&page=1>

<sup>72</sup> Jon Olsson, (2017). Daily Video blogs. [online], Available at: <https://www.youtube.com/user/JonOlssonVideoBlog>

<sup>73</sup> LinkedIn Corporation, (2017). Red Bull analysis. [online], Available at: <https://www.slideshare.net/ShotaShakarishvili/redbullanalysis419>

<sup>74</sup> Red Bull GmbH, (2017). Sledujte Red Bull. [online], Available at: <http://energydrink-cz.redbull.com>

clubs and sport events or even students becoming Red Bull managers, the company tries to target the places where the energy is the most needed.

Additionally to evaluate Red Bull's communication during the market study, the question "do you follow Red Bull on social media" was asked. And 86 people out of 100 said no, and only 14 responded yes (see Annex 13). Out of these eleven people almost everyone follow Red Bull on Facebook and Youtube. So comparing Red Bull to other brands, as for instance some cosmetic or clothing companies, where people do follow them on social media in order to be aware of what new items are available. For Red Bull it is different, people are aware of the brand due to other factors mentioned above and if they follow the brand on social medias, is in order to be informed about Red Bull's events or the life of the athletes they sponsor.

### 3 MARKETING RESEARCH

#### 3.1 Image of Red Bull on Czech market

As it was already mentioned before, Red Bull's image on the Czech market as any other market is very positive. People perceive the brand as number one beverage of this kind on the market. This has been proved in the marketing research that has been provided by the author of this thesis. To analyse how people actually perceive Red Bull two questions were asked. First question : "What do you like about Red Bull?". Most answers were: taste, advertisement or their collaboration with known athletes. Basically analysing answers given by the respondents, it could be noticed that the image or how people perceive Red Bull is similar to Red Bull's brand identity or how company wants to be perceived. If a company achieves such a result it is generally a really good sign.

Next question that has been asked is: "What do you dislike about Red Bull?". Almost all the answers in the survey were identical. People would like a lower price and since they pay this price, they don't like the bad impact that the beverage has on them. Although a lot of people answered "it is unhealthy" the drink is still really popular and a lot of people think that if they drink it occasionally it won't be that harmful for them.

The biggest influence on people's way of perceiving the product, has been Red Bull's promotion, by which they got to be famous all around the world. To show the effectiveness of Red Bull's promotion, people were asked to describe Red Bull. Most of the answers contained "Red Bull gives you wings" in the first place and second most written answer was "extreme sports". This shows how much people are actually aware of the brand. Even those in this survey there were few people who do not drink Red Bull (or energy drinks in general) at all, still responded. With exception of only 2 answers out of 14 non-drinkers, who did not answer to this question. In general the reactions were really positive and similar to one another.

Next considering the price of the product, on a scale from 1 to 5 (where 5 stands for "low price"), people were not really positive, even though mostly people were not in the same opinion. The most common answers were between 2 and 4, for instance there were 39 people whose rate was 3. So it shows that the price is something consumers would like to change but since they get a good quality product maybe it recompenses the high price tag. Also Red Bull is more about life style. If the person is actively living and hard working young man (or woman) and he/she does prefer energy drink instead of coffee then it makes sense to pay more money in order to get better quality product. And a lot of people do think about Red Bull in this way, even if awareness of bad impact on health of the product is really big.

### 3.2 Answer to the research and recommendation

Firstly it is necessary to identify the researched question which would be: Did Red Bull achieve to get its identity connected to its brand image?

As it could be noticed in the subchapter before image of Red Bull is strongly connected to company's logo, Red Bull gives you wings. According to the survey provided specially for this thesis, when people were asked to describe Red Bull, almost all 98 respondents answered that for them the drink is associated with *wings, flying, superpower*. Next association people have with Red Bull is *extreme sports, energy and adventures*. And the last group of associations were: *parties, alcohol and long nights (of partying or studying)*. By these three groups Red Bull's image in consumer's minds have been described. As one may notice, these three groups that has been created by respondents of the survey, are basically definition of how company want to be perceived as well as by who they want to be perceived. As it was already mentioned, Red Bull targets are sport lovers, hard workers, students and party lovers, which has been also proved in the marketing research. Also it was already analysed in the subchapter on commercial communication, that Red Bull build its strong brand awareness especially on its unique promotion strategy with the buzz marketing and employment of students which provided free samples on campuses and bars.

Also analysing the performed study, it made possible to understand how do people on the Czech market react to Red Bull's price, price according to the quality, taste and packaging. As it was already mentioned before. People perceive Red Bull as an expensive beverage (premium price) in the category of energy drinks. On a scale from 1 to 5, most responses were between 2 and 3 (see Annex 12). But when they were asked to rate its quality the answers were more positive. Most of respondents find Red Bull as a high quality beverage, the biggest amount of responses were between 4 and 5 (see Annex 12). Also joining the quality, rating of the taste was as well really positive. According to people who rated taste as something good or very good (on a scale from 1 to 5, most common answers was 4 and 5). And again related to quality people rated effectiveness of the beverage as something average, on the same scale, most people rated it as 3 or 4 (see Annex 12). So when speaking about Red Bull's quality, in consumer's mind is something really positive and usually people do think that the price is high due to the high quality. And this is why a lot of consumers are still willing to buy Red Bull.

Analysis again Red Bull's commercial communication, one can definitely notice that the company managed to build an identity through them. For instance, advertising of Red Bull

from 2013, the company tries to transfer the information that Red Bull is the future to the consumer. By showing people famous athletes sponsored by Red Bull and showing all of emotional moments, where people succeeded in something what they thought they would never do in their life. The message that is being transmitted in the TV spot is that Red Bull makes impossible, possible and that: “the only limit is the one you set yourself”. This is what company do, it tries to encourage people to over come their fears and doubts and just do it.

Or another Red Bull TV advertising, where a woman is screaming for help and the super hero that want to save the woman cannot do so due to the fact that he has no Red Bull left. The commercial ends by the message: “No Red Bull. No wings.”

These two examples was presented to show how since the beginning of Red Bull presence on the market, company tries to put an idea in consumer’s mind. And as it could be clear from the study provided, it succeeded. People do perceive Red Bull as some kind of drink that will make you do things. What proves that Red Bull did achieve to connect their brand identity with the image created in people’s mind.

Also Red Bull managed to be a part of people life style. It is not only a drink that gives you energy when you are in need but it is also the way you enjoy living. By sponsoring different famous athletes from all around the world, Red Bull has the idea to create specific events related to extreme sports, which people will enjoy to participate in or just to watch. As for instance, already mentioned free jump from stratosphere which broke world’s record of free jumping was the one that made the point of Red Bull’s message that the company tries to spread to the world. In all the aspects, Red Bull gives you wings, power, motivation and breaks you fear to make impossible, possible. Red Bull is the future. This is what brand manager’s of the company tries to do.

But Red Bull has also negative points. Based on the market research is was proven that people do perceive the beverage as something with highly bad impact on people’s body. When people have been asked to rate Red Bull on a scale from 1 to 5, whether it’s bad or good for people’s health, 75 respondents out of 100 rated it between 1 and 3 (where 1 has been voted 45 times, see Annex 12). The biggest problem in the composition of Red Bull’s for a lot of respondents of the survey was the amount of sugar, as could be seen in the responses to the question “what do you dislike about Red Bull”. This is something what Red Bull tried to change, reduce the sugar quantity in the drink, by creating alternatives as sugar free or zero. But there is still some ingredients that do have bad impact on human’s body and an overdose of this beverage can even make serious problems to people’s cardio system. Perhaps to improve even more Red Bull’s marketing strategy and maybe to gain even more consumer’s

on their side, the company could try some new recipes with small amount of negative ingredients and try something new and more natural. But since the taste of the drink is important for people as we could see before, they definitely should leave the classic version of the beverage and come up with some alternatives. As they did with different flavour of Red Bull (cranberry, blueberry, tropical fruits etc.), which actually increased the consumption of the drink from female side. So by correcting the content of the drink to ingredients better for human's body, Red Bull can appeal to health conscious consumers.

Another moment where Red Bull could improve itself, is the price. Even though according to survey, people do not mind so much the high price tag and they do believe they pay for a quality, the company could still make some special offers and sale sometimes. As for example during holiday's when it known that amount of different parties (as christmas party or new year's party) will increase, they could reduce the price or make some special offer as: get one pack with 2 Red Bull for free. Because it is really rare to see this energy drink on sales.

In general the appearance of Red Bull on the Czech market is positive and do not differ from other market where the brand is offered. Based on information in this paper and information from market study provided by author of this thesis, it can be said that, indeed Red Bull achieved to connect its brand identity to the brand image in consumer's mind and by this build a strong, long lasting relationship with customers for which other existent brand could wish for.



## CONCLUSION

Throughout this thesis different terms defined in the first chapter have been used. These terms enabled a better comprehension of the second, practical part for readers who are not familiar with such terminology. In the second chapter, the Czech energy drink market as well as the case study on Red Bull has been analysed. Different aspects of Red Bull have been seen as for instance, the company's positioning on the Czech market, brand identity or its image (how people perceive the brand). This has been possible due to a market research that has been provided by the author of this thesis specially for this Red Bull's analysis. It has been also proved in the third part that brand identity of the company was made to be similar to the brand image that has developed in people's minds through the years that the product has been present on the market.

Concerning the first chapter, different terms have been explained in order to get more familiar with specific terms related to the brand. This specific terminology was defined in order to understand the second part of this work.

In the second chapter Red Bull has been analysed in more detail. Readers were shown the importance of this energy drink on the market, where it holds the first position among all the competitors. As well a unique relationship with the consumers that Red Bull has built throughout its existence could be seen. Even though the price is high due to the fact that the company chose a premium price strategy for its product, Red Bull still has a lot of loyal consumers which enjoy the lifestyle Red Bull gives them the opportunity to live.

In addition, the commercial communication of Red Bull has been explored. The company uses so called "buzz marketing". They sponsor a lot of different famous athletes and their logo "Red Bull gives you wings" is known by a lot of people all around the world. Their promotion strategy brought them a lot of success and due to events that have been created by Red Bull which has a connection to extreme sports, they have built their identity and proved once again the meaning of their famous logo.

We can conclude by saying that Red Bull's strategies of improvement are really effective. Even if there exists some negative aspects of the drink, which has been sited in the third part of this thesis, Red Bull has still managed to build a positive image in people's minds and they have even managed to become part of their lives. This has created a strong relationship which even the high price of the product or its bad impact on a human's body are not able to break.

Different resources have been used in the process of writing this thesis. Specific marketing and brand management books, many different articles from newspapers or official web sites,

as well as the official Red Bull GmbH web page. The major resource of the second part has been the market research. This study brought to the thesis information about the market, consumer's behaviour and even if not all of the answers were honest or serious, the main information has been proved with few other official web site, which made possible for this thesis to be true and complete.

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## **Annexes list:**

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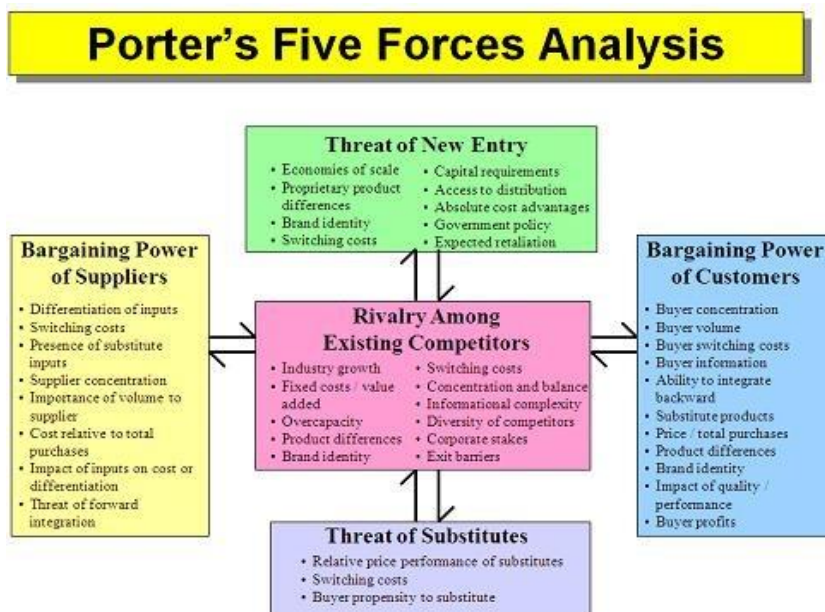
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Annex 13: How many people follow Red Bull on social medias

## ANNEXES

### Annex 1: Porter's Five Forces Analysis



Source: Google.cz, (2017). *Porter's Five Forces* - Hledat googlem. [online], Available at: [http://www.foodtech-portal.eu/index.php?title=Porter\\_five\\_forces\\_analysis](http://www.foodtech-portal.eu/index.php?title=Porter_five_forces_analysis)

### Annex 2: Top world's most valuable brands

Rank					Brand Value <sup>(1)</sup> (USD \$ Millions)		Brand rating	
2017	2016	Logo	Name	Country	2017	2016	2017	2016
1	2		Google		109,470	88,173	AAA+	AAA+
2	1		Apple		107,141	145,918	AAA	AAA
3	3		Amazon.com		106,396	69,642	AAA-	AA+
4	6		AT&T		87,016	59,904	AAA	AA+
5	4		Microsoft		76,265	67,258	AAA	AAA
6	7		Samsung Group		66,219	58,619	AAA-	AAA
7	5		Verizon		65,875	63,116	AAA-	AAA-
8	8		Walmart		62,211	53,657	AA+	AA
9	17		Facebook		61,998	34,002	AAA	AAA-
10	13		ICBC		47,832	36,334	AAA	AA+

Source: Google.cz, (2017). *World most valuable brands* - Hledat googlem. [online], Available at: <http://www.marketing-interactive.com/google-edges-apple-worlds-valuable-brand/>

### Annex 3: What happens in human's body after drinking an energy drink



Source: Google.cz, (2017). *What happens 24 hours after drinking an energy drink - Hledat googlem.* [online], Available at: <http://www.dailymail.co.uk/femail/food/article-3196220/What-happens-body-24-hours-drink-Red-Bull.html>

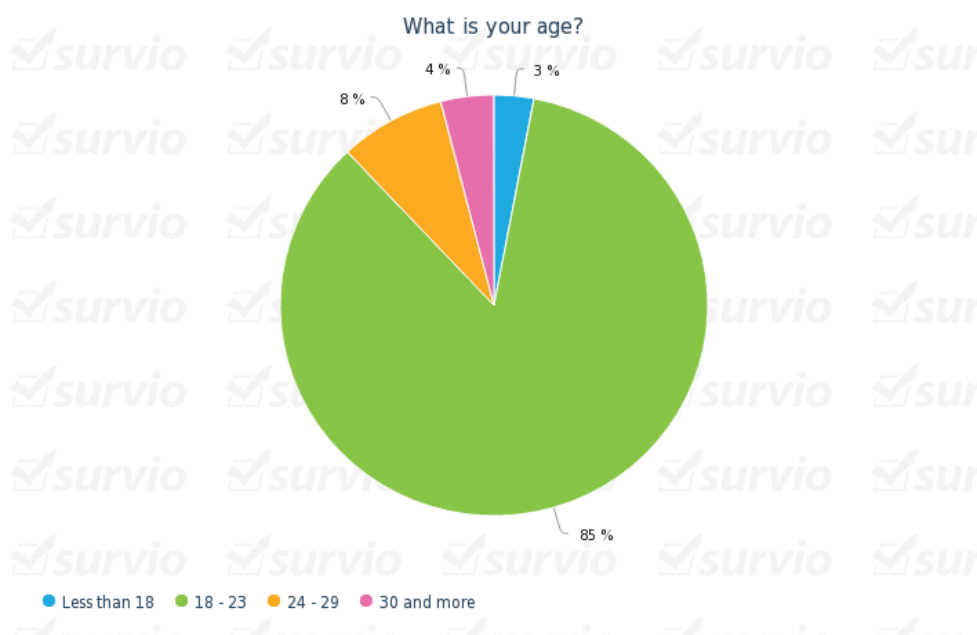
### Annex 4: Main Kofola's Products



Source: Kofola ČeskoSlovensko s.r.o, (2016). *Our main brands.* [online], Available at: [firma.kofola.cz/investor/en/download/default/69](http://firma.kofola.cz/investor/en/download/default/69)

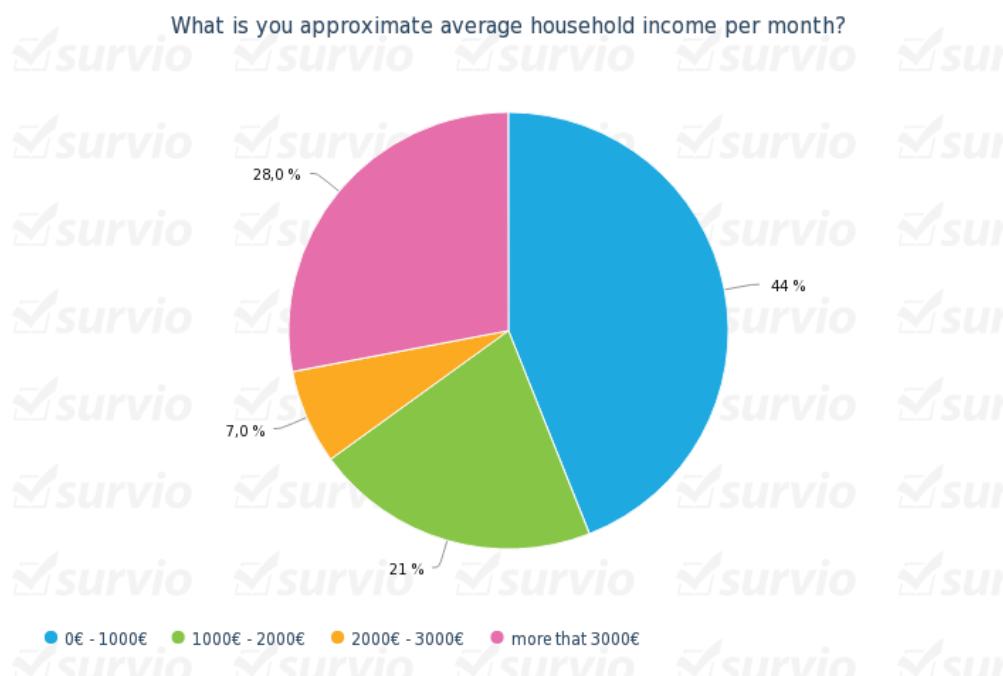


## Annex 5: Age of the survey respondents



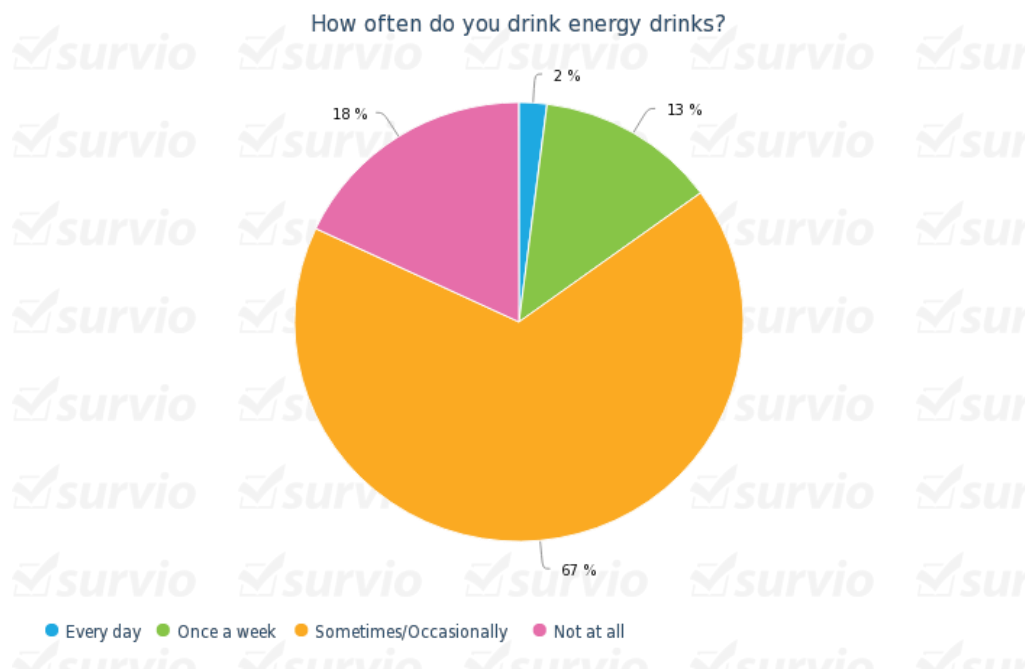
Sources: *Based on market research provided by Polina Gavrilova in 2017*

## Annex 6: Respondents approximate monthly income



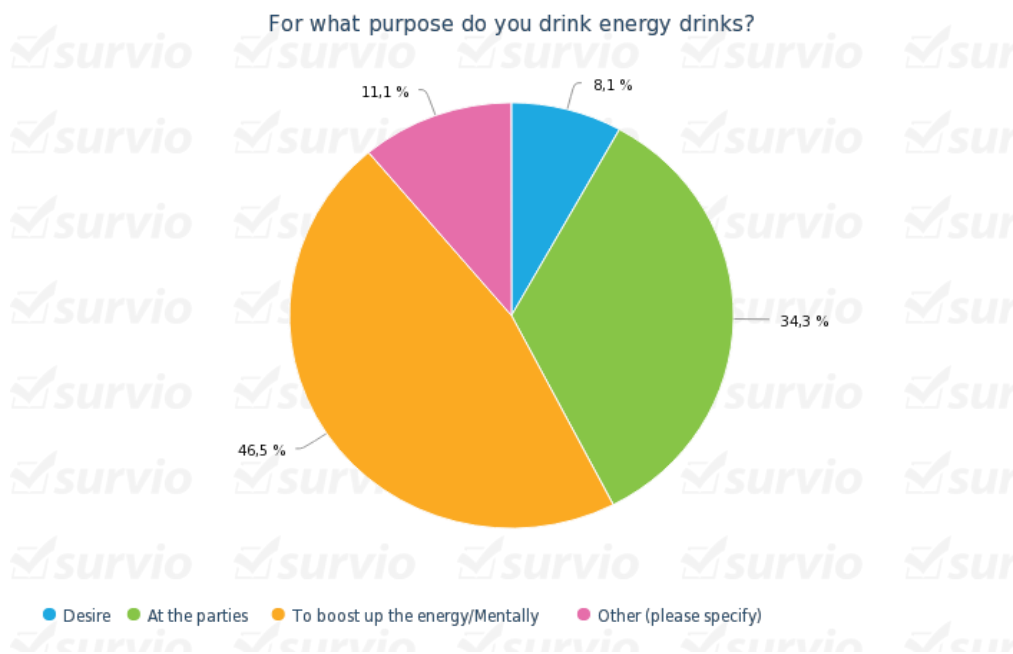
Sources: *Based on market research provided by Polina Gavrilova in 2017*

### Annex 7: How often do people drink energy drinks



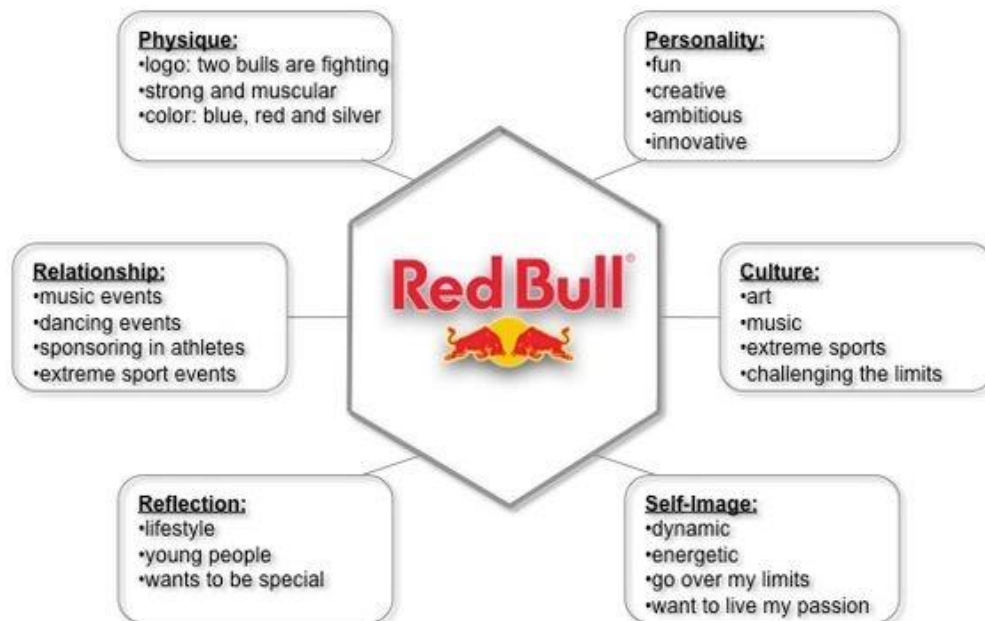
Source: Based on market research provided by Polina Gavrilova in 2017

### Annex 8: For what purpose do people drink energy drinks



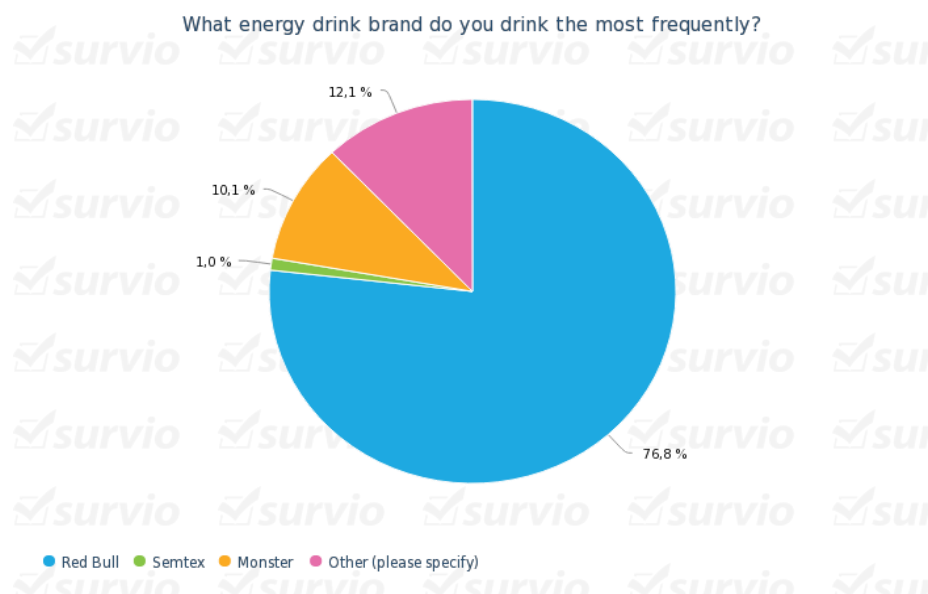
Source: Based on market research provided by Polina Gavrilova in 2017

## Annex 9: Red Bull's brand identity



Source: [pinterest.com](https://cz.pinterest.com/pin/209487820147180869/), (2013). *Brand identity*. [online], Available at: <https://cz.pinterest.com/pin/209487820147180869/>

## Annex 10: What energy drink respondents of the survey drink the most frequently



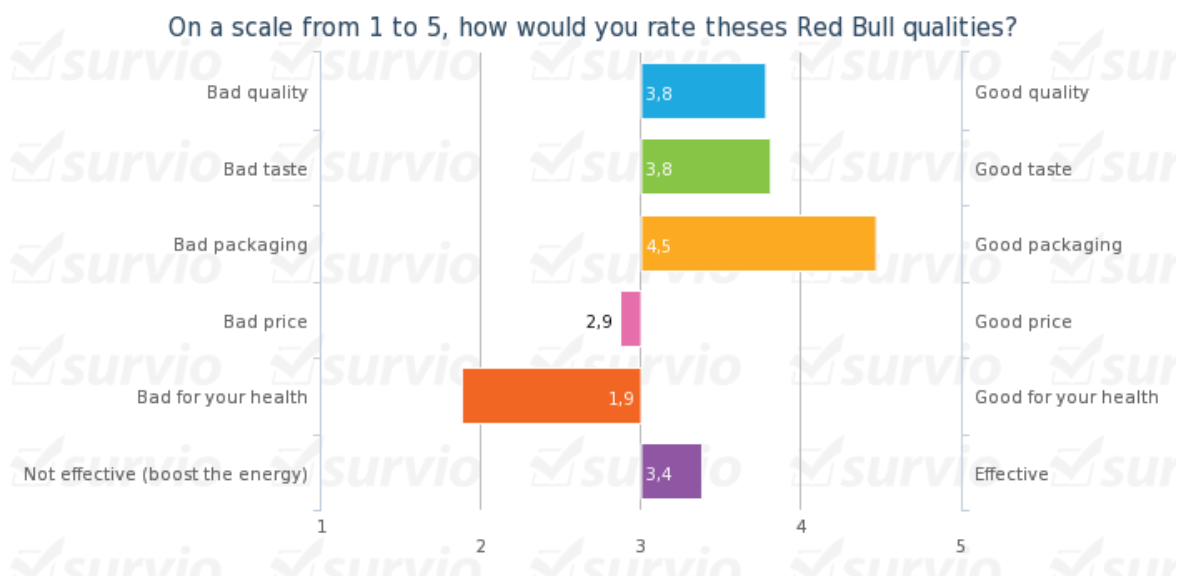
Source: *Based on market research provided by Polina Gavrilova in 2017*

## Annex 11: Different types of Red Bull



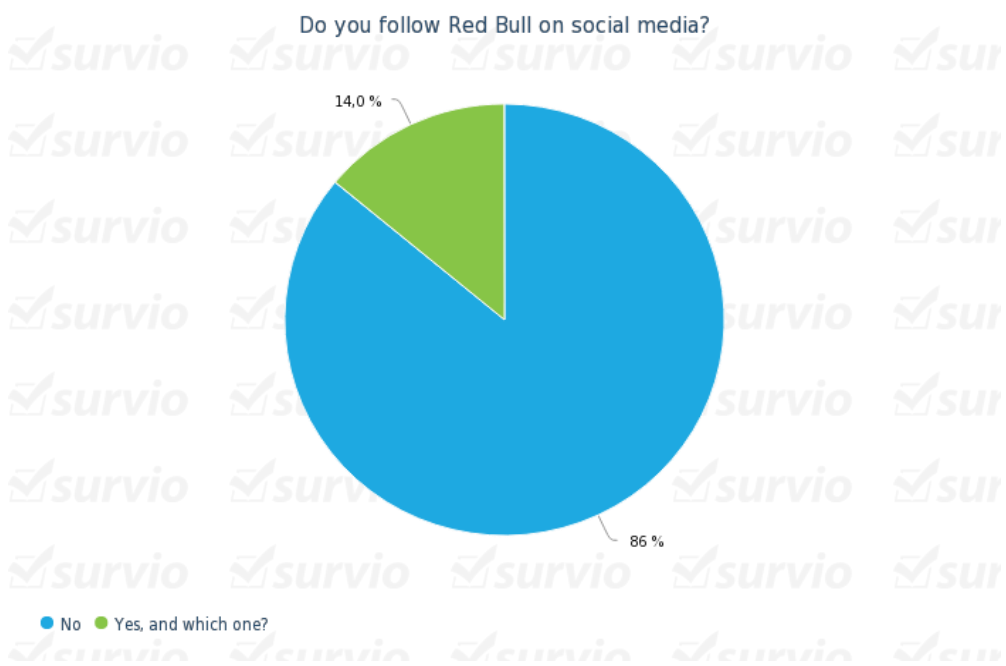
Source: Caffeineinformer, (2017). *Red Bull on Caffeine Safety and Transparency*. [online], Available at: <https://www.caffeineinformer.com/red-bull-caffeine-safety>

## Annex 12: Rating of Red Bull's Quality



Source: Based on market research provided by Polina Gavrilova in 2017

Annex 13: How many people follow Red Bull on social medias



Source: *Based on market research provided by Polina Gavrilova in 2017*