



# WINGS

# OF CHANGE

How the World's Biggest Energy Drinks Manufacturer  
Made a Mark in Football

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## BULL'S EYE

A QUICK scan through any of Red Bull's social media feeds tells you all you need to know about them. For a company that's grown to become the biggest energy drinks manufacturer in the world, their strategy to attract more consumers is simple: focus more on creating a brand that promotes a high-octane, high-energy, free-spirited lifestyle rather than promoting just the world-famous energy drink itself.

From snowboarding to skateboarding, surfing to kayaking and everything else that can be defined under the realms of extreme, Red Bull like to get involved. In many ways this is what has contributed to the success of their product and how they captured most of the market share in the energy drinks industry. The company has sold over 75 billion cans since their inception in 1987, but their focus goes beyond just the drink itself.

A cult drink in the modern day, its origins lie in Thailand, some 8,400 kilometres away from its current headquarters in Austria. It was here in 1976 that Chaleo Yoovidhya, a Thai entrepreneur, introduced Krating Daeng. The name literally translates to red bull, or red gaur, and it was sold in a unique 150 millilitre bottle that one would more usually find in a pharmacy. This simple formula of caffeine, vitamins and glucose caught the eye and taste buds of Thailand's many working-class people.

One of the primary ingredients in the drink is taurine, and this raised plenty of controversy and conspiracies. The word originates from its Latin form, Taurus, which means ox or bull and the initial conspiracies said that the taurine used in the drink came from bull semen. The organic compound aids muscle functions and boosts endurance. Myths were debunked immediately, and it was revealed that taurine was manufactured synthetically.

The fact that Krating Daeng was sold in a medicine bottle wasn't strange – at least not to the founder. Yoovidhya was the son of Chinese immigrants who moved to Thailand. In the mid-1950s, an aspiring Yoovidhya moved to the country's capital of Bangkok and tried plenty of different jobs, ranging from bus conductor to fruit vendor. The idea to sell pharmaceuticals then came about and, in 1956, he set up TC Pharmaceuticals, which manufactured antibiotics and cosmetics. It was here that Krating Daeng was born.

The energy drink market was untapped in the Far East at that time, with Japan's Lipovitan D being the only recognisable company. When that drink was first brought to Thailand in 1962, it caught the eye of many and that was Yoovidhya's inspiration. He made his version of the drink sweeter and more 'Thai-centric' to appeal to the local market and his packaging captured that too. In the foreground were two raging gaurs – a significant sight in rural Thailand as bull fights were famous in the region – while in the background was a yellow disc.

This eye-catching product was a great marketing tool right from the start, and its taste made it a favourite of many in the region. Over the next few years, Krating Daeng's popularity in Thailand would go from strength to strength, with its logos largely visible at fighting events – especially Muay Thai, the country's beloved combat sport. While the company's profile was growing and the drink was hitting high levels of popularity, it took an Austrian to enable the beverage to go international and become the superpower it is today.

Enter Dietrich Mateschitz.

The Austrian marketer and the drink were the perfect match for each other. Born in Styria, Austria, to a family of Slovenian ancestry, Mateschitz was raised by two primary school teacher-parents and it took him ten years to graduate from college. He left the Vienna University of Economics and Business with a degree in marketing in 1972 and worked for several companies such as Unilever and Jacob's Coffee in Germany. That was until he became the marketing director at Blendax, where he promoted daily utility products like toothpastes and shampoos in a job that took him around the world.

It was in Thailand where all that marketing experience would be put to good use, when as fate would have it, he would come across a famous energy drink, Krating Daeng. Just like it had done with so many others in the country, it captured his attention too. Mateschitz recognised how quickly it cured his jet lag and immediately started learning just how popular, marketable and profitable this drink was.

Fate would play a part once again. Yoovidhya's pharmaceuticals company was a licensee of Blendax, making it easier for Mateschitz to contact the creator of Krating Daeng. Immediately, Mateschitz flirted with the idea of making the drink go international and Yoovidhya was on board. Thus, in 1984, Red Bull GmbH was born. Mateschitz quit his job, invested \$500,000 – the same as Yoovidhya – and each agreed to take a 49 per cent stake in the company, with the remaining two per cent going to Yoovidhya's son, Chalerm.

For the next three years, Mateschitz spent time making the brand more West-friendly, developing its image, its packaging and its marketing strategy before bringing it across to Austrian soil in 1987. The name of Red Bull was chosen to make it easier on the lips for the Western market, whilst the company moved away from the traditional medicine bottle that it had become known for, to a more captivating thin blue and silver aluminium can. Their catchphrase – 'Red Bull gives

you wings' – was coined by a friend of Mateschitz, Johannes Kastner.

Kastner was running an ad agency in Frankfurt, Kastner & Partners, and being a close friend of Mateschitz, he agreed to do a service exchange with him due to the fact that the Austrian had little money. Kastner would help in the marketing side of Red Bull and, in return, Mateschitz would do some freelance work for Kastner's company. Coming up with the slogan was hard work for Kastner – with many ideas shunned, he advised his friend to find another agency to help out. That was until one morning, at 3am, Kastner came up with the now-famous slogan, and the rest is history.

The time before launch was also spent doing market research. Mateschitz hired a team to look into how the product might perform internationally – the results said it would fail. Nevertheless, the tycoon was undeterred; setting up an office in Salzburg, Austria, and commencing his venture. His target market was different too. Rather than aiming his product at the working class, he pitched it at youngsters, partygoers and adventurers who needed a tonic for their daily activity.

Perhaps the most innovative aspect of Red Bull's rise was how they created interest from scratch. Mateschitz told *Forbes* in 2005: 'When we first started, we said, "There is no existing market for Red Bull, but Red Bull will create it."' The creation began with sponsoring extreme sporting events. Mateschitz himself was a fan of such activities – his passions included flying, snowboarding and motocross so it was no surprise that he knew just what was needed in order to get their attention. Free sampling, spending next to nothing on TV or radio advertising and doing things on the ground itself – those were the company's core marketing values.

Red Bull's guerrilla marketing was effective, but they hadn't forgotten about their older, secondary market. In that area they sold themselves as a drink to help working males regain energy after a tiring day and cope with their workload. Additionally,

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they informed drinkers about the negative effects of alcohol and sold themselves as a worthy alternative. It was definitely a tactic that worked.

In 1991, Red Bull Flugtag (flying day) was born, an event in which competitors attempt to fly home-made, human-powered flying machines off a pier. A decade later, they launched Red Bull Crashed Ice, a competition that would see skaters race down a 535-metre racetrack. These are just two examples of how the company aimed to raise their popularity and engage with a potential consumer base. All these innovative strategies worked, more events have been launched in the years since then and many of them go across the world.

If it was anything that required liveliness, Red Bull were there and making themselves known. In a matter of years, Red Bull went from Austria to Hungary to the United Kingdom to Germany and then to most of the world. The interest was so high at the time of its launch in Germany in 1994 that the company failed to meet the demand for nearly one million cans a day.

However, the expansion wasn't plain sailing. Each market in each country had different requirements. Some may have been political while others may have been cultural – Red Bull had to adhere to it. The company's usual free-flowing, out-of-the-box strategies didn't work everywhere.

When Red Bull arrived in the United States of America, their people didn't take a liking to their small, traditional cans that were a hit in Europe, as they preferred beverages in bigger cans – the 500-millilitre tin was born there. Red Bull's link with extreme sports didn't go down well initially in some parts of Asia as well – in China, for example, they were banned in certain areas and new methods had to be found to sell the product, first to the mind, then in the hands. Over in Europe, France and Denmark believed Red Bull violated their food regulations. It wasn't until 2008 that Red Bull entered the French markets in its full, original form.



As the world became more technologically advanced, Red Bull adapted. First came their TV ads, mostly in the form of black-and-white cartoons that promoted the drink and its catchphrase. Once again, Kastner had a role to play. The voiceovers, tone, dialogues and animation were certainly a 30-second treat, giving the information the advert needed to give out and providing a small hit of entertainment. Most of them were worthwhile, but one particular ad in Italy – depicting four wise men instead of three visiting Mary and newly born Jesus in Bethlehem – caused problems. There have been plenty of other instances, with attempts at humour often being disregarded by viewers.

Even in the more digital era, where social media and rapid content-sharing has captured a youthful audience, Red Bull have succeeded. The Red Bull Media House, founded in 2007, focuses on everything Red Bull does, whether that's sports, their own music production houses (Red Bull Records, Red Bull Music), their film production house (Red Bull Films) or anything that has the logo of the two raging bulls with the yellow disc behind them. Boosted by their ownership and involvements in sporting and recreational activities, content never stops.

Their primary YouTube channel has over 9.43 million subscribers (as of July 2020) showing all the brand's activities in extreme sports. Their primary Instagram feed has 13.3 million followers, while on Twitter, they're on two million followers. Factor in the smaller accounts that are specific to a particular sport or activity and there is a large audience being reached on a daily basis. All of these feeds have a common denominator: fast, engaging content that immediately catches the eye. Another aspect worth noticing is how much of their content is videos and how many of them don't even focus on the product: the blue-and-silver aluminium can is rarely visible.

Red Bull's biggest success came in 2012, when Austrian Felix Baumgartner made the 'Space Jump'. The 128,000-foot

jump which made him the first human to break the sound barrier was livestreamed on YouTube and drew over 2.6 million mentions on social media, making Red Bull Stratos the company's most prominent marketing stunt. This was the ideal definition of what they had been doing over the years: creating their own content, drawing in interest from around the world and, in the end, making an energy drink a world beater.

The company's attitude towards growth is simple: be clear and constantly communicate. Their famous catchphrase 'Red Bull gives you wings', signifying how the drink can provide a boost to daily life, is evident all the time, across all the methods of advertising. Their endorsements and sponsoring of events have made them a household name. Ranging from deals with celebrities and athletes, to their own creation, the Red Bull Flugtag, and the production of their own music, the constant aim of the company is to remind people of who they are and what it is they do.

The company is also intent on creating a positive image for itself, as is the case for every business out there. The 100 per cent recyclable aluminium cans show their concern towards the environment. An engaging, interactive page on their website shows just how they're trying to help the cause whilst painting a good picture of the company – the epitome of Red Bull: they make themselves hard to ignore.

While all of this has been happening, Mateschitz hasn't stayed too far away from the news. The founder makes rare appearances to the media, but recently for the wrong reasons. His political ideologies have been met with criticism in the past and his rare outspokenness isn't always welcome. As for Yoovidhya, the Thai businessman lived a low-profile life, away from media attention whilst still being a magnate who provided the initial idea for the world's most popular energy drink. He sadly passed away at the age of 89 in 2012 from natural causes. Worth an estimated \$5bn, he left behind an immense legacy. His family eventually branched out into different ventures,

going into real estate and automobiles, but the thing the family name will be most associated with is Red Bull.

It's easy to forget that Red Bull's primary objective is to sell energy drinks and that they aren't just an urban high-octane marketing company. In the United States in 2019, they dominated, with the original Red Bull drink capturing 24.9 per cent of the market. Their sugar-free version is the third-most popular energy drink in the country, taking 6.7 per cent of sales. Sandwiched in between is Monster, their nearest competitors in the West.

Worldwide, their record of 7.5 billion cans sold in 2019 was a 10.4 per cent increase on their previous year and these were record-breaking numbers for the company. On their website, the company states their markets in certain countries grew significantly: India (+37 per cent), Brazil (+30 per cent), Germany (+15 per cent), and more. Red Bull is more popular than ever before.

Red Bull sit firmly at the top of the mountain. A beverage that's costlier than Coca-Cola and Pepsi is the world's go-to drink and they're not going to stop anytime soon. Over in Salzburg, Austria, their attractive headquarters building is shaped like two erupting volcanoes, representing energy. Nearby, sits Mateschitz's Hangar-7, the supremo's collection of historic aircraft and Formula 1 cars.

Not too far away from there is another part of the Red Bull empire. Much like the company as a whole, this one too is controversial, unique, futuristic and successful. In 2005, Red Bull took their involvement in sports to another level, taking Austria Salzburg, a football club, under their growing wings. Over the years, Red Bull's involvement in sport had grown, but this was another beast upon which they aimed to stamp their authority in the only way they knew how.

In a short period of time, things changed for the club that had over seven decades of history. The club, the colours, the crest, the culture and, of course, history itself were all changed.

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Having been game-changers in many areas, football was now Red Bull's next venture and when they made their voices heard in the sport, people paid attention.