Red Bull's SWOT Analysis

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SWOT analysis is one of the most effective tools in the performance of situational analysis that helps a company determine its current status in terms of strengths and weaknesses as well as potential threats and opportunities. The tool is thus very important for the strategic company managers. This paper conducts the Red Bull's SWOT analysis.

Company background

As a manufacturer of the prominent Red Bull energy drink, this company is an Austrian – Thailand Company that began its operations in 1987. Although it started in humble beginnings, it took a few years to become the world's prominent and bestselling energy drink. Also, even though all the Red Bull's variety of products are expensive compared with the competitor's products, Red Bull controls the largest market share in the industry. Notably, the company has a range of strengths that helps it to not only protect its market share but also to penetrate new markets.

STRENGTHS	**WEAKNESSES**
• Strong brand equity- for many years, Red Bull has demonstrated to be the most attractive brand in the energy drink industry (RedBull.com, 2020). This helps in maintaining its market share. • Robust leadership- The Company's leadership has maintained the position of the company. This helps the company to maintain a positive image hence attracting	• Dependency on its sole product. Red bull fails to offer innovative product categories in the market (Alford, Cox & Wescott, 2001). Red Bull restricts its market share to a single target market. • High employees' attrition rate- this makes Red Bull have a higher budget especially on training than the competitors

new customers while maintaining the existing customers. • Global presence – As a brand, the company enjoys a global presence that gives it a competitive advantage. • Loyalty among the customers – regardless of the rumors that the product can be a health hazard, most of its consumers remain attached to the company (RedBull.com, 2020). The latter helps the company in maintaining its profitability • Effective advertising – the company employs advertising strategies that highly attract customers while improving its potential in capturing new markets across the world (Cooper, Stanford, Kibble & Gibbons, 2012). • Red Bull enjoys extensive market share – while enjoying a bigger market share, Red bull can command the market in terms of pricing and other factors • The brand has successfully initiated attractive promotional campaigns. These	• The company is weak at integrating organizations with different cultures. • Improper and inefficient financial planning. The differences in liquid asset ratios and the current asset ratios depict that the company can use its finances better than current spending. • Red Bull lacks the required technologies for the planned expansion and thus may not be successful in its expansion plans. • The company's organization structure limits expansions in other product segments as it just fits the current business model (Alford, Cox & Wescott, 2001). • Red Bull's profitability ratio and net contribution percentages are below the industry's average. The latter shows that the company may stagnate without experiencing the projected growth. • Lower investment in R&D (Research and Development) compared with the rapidly growing companies in the industry.

campaigns assist in intruding new products into the market. • Clearly understands the target market – the strength of Red Bull is its ability to understand the demands of its target market.	• Red Bull has a huge marketing budget- while marketing is essential, Red Bull's marketing budget is too big to consume a lot of profits.
OPPORTUNITIES • The green drive by the government creates procurement opportunities for Red Bull both by the contractors from the federal governments and the State. • Market developments leading to weakening competitor's advantage while increasing Red Bull's competitiveness (Mets et al., 2011). • New policies on the environment that will enable the company to increase its market share while enhancing its product portfolio. • An opportunity for profitability due to the reducing shipping costs.	**THREATS** • Currency fluctuations – operations in several countries will expose the company to currency fluctuations • Increased competition – Competition will decrease the profitability rates hence slow growth rates. • Seasonal demands of high profitability products – the latter will face financial challenges. • Possible lawsuits in different markets, especially concerning product standards. The rumors in the social media that the Red Bull is harmful to humans will decrease its market share

• New markets due to the trends in consumer behavior. The company will be able to create new markets and new product categories. • Increasing consumer spending and economic uptick will help the company capture new markets while increasing its market share (Mets et al., 2011). • New government agreements will help Red Bull develop new markets • New tax policies will help Red Bull as an established company to have greater market control.	and profitability (Alford, Cox & Wescott, 2001). • New environmental laws within the Paris Agreements of 2016 will collapse new markets. • The introduction of counterfeits and imitations, especially in the new markets, will compromise the company's profitability. • Lack of consistent supply of product innovations will lead the company towards experiences of low and high swings in profitability. • Changing online consumer buying patterns is likely to affect the company's physical infrastructure and the overall supply chain model.

Conclusion

As demonstrated above, Red Bull is a prominent brand that can take advantage of its customer loyalty and prominence to extend its product portfolio. Also, Red Bull fails to diversify the products to capture new markets. In the contemporary world, technology is increasingly changing the trend in consumer behavior. It is thus important for the company to leverage technology and diversify its product and culture for profitability, sustainability, and growth. Nonetheless, Red Bull's financial position is healthy and can successfully extend its share in the market.

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