

## Twitter Thread by Mario Gabriele ■



**Mario Gabriele** ■

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**Red Bull is a weird and fascinating company.**

- \$7.4 billion in 2020 revenue
- 43% energy drink market
- Makes nothing

**Nope, not even the drinks they sell. Instead, they focus 100% on marketing.**

**Here's what's going on**

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Before Red Bull there was Krating Daeng (KD).

Founded by pharmaceutical entrepreneur, Chaleo Yoovidhya, KD was created to serve Thailand's country's working class.

Yoovidhya chose the gaur, a member of the bovine family from the region, as the brand's symbol.

# Creating Krating Daeng



→ Chaleo Yoovidhya was born in poverty. He thought energy drinks should target Thailand's working class.



The gaur, a symbol of Thai strength.



→ Krating Daeng, a non-carbonated energy drink.

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Dietrich Mateschitz was a toothpaste marketer. On a business trip to Thailand he discovered KD and fell in love with the drink.

With Yoovidhya, he decided to bring it to Europe. He made changes:

- Name became "Red Bull"
- Added bubbles
- Used a thin can
- Targeted elites

# The Red Bull Transformation



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The deal Mateschitz and Yoovidhya struck outsourced production of the drink to the Thai entrepreneur's pharmaceutical company.

That fundamental structure has remained in place today: Red Bull outsources production and focuses on distribution (marketing).

Red Bull is an interesting case because they don't make anything at all. It's an Austrian marketing company... that's it!... It is *just* a brand. Without any manufacturing plants or anything!

The mind map is centered on the Red Bull logo. Five lines radiate from the center to five light blue circles, each representing a category:

- ATHLETES:** Includes images of a male triathlete, a male triathlete with a Red Bull headband, a female basketball player (Wendie Renard), and a male basketball player (Luka Modrić).
- MEDIA:** Includes a magazine cover for 'BULLETIN VIN', the 'SPEED WEEK.COM' logo, the 'carpe diem' text, and the 'ServusTV' logo.
- WEIRD STUFF:** Includes a framed picture of a Red Bull car, a blue and grey long-sleeved shirt, the 'Red Bull Wingfinder' logo, and the 'Red Bull SOUND SUPPLY' logo.
- EVENTS:** Includes logos for 'Red Bull MEQ', 'Red Bull AIRBORNE', 'Red Bull CURB KINGS', 'Red Bull 50/50', and 'Red Bull RAMPARTS'.
- TEAMS:** Includes logos for 'Red Bull RACING', 'Red Bull CRONO', 'Red Bull RACING', 'Red Bull RACING', 'Red Bull RACING', and 'Red Bull RACING'.





True to form, Red Bull doesn't make any tangible products.

Who they outsource to:

Drinks ■ Rausch

Clothing ■ Schoeller

Travel ■ The Travel Birds

Stock Music ■ Rebeat

# Offloading Production



MADE BY



MADE BY



MADE BY



MADE BY



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Why does Red Bull do all of this stuff?

Red Bull can't differentiate on product. So it pours money into unique advertising. Look at the percentage of revenue RB spends on marketing compared to other beverage brands:

- \$KO: 8.4%
- \$PEP: 4.4%
- RB: 33% (!!)

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Red Bull also handles marketing differently than other companies. It has two priorities:

1. Buying distribution.
2. Manufacturing history

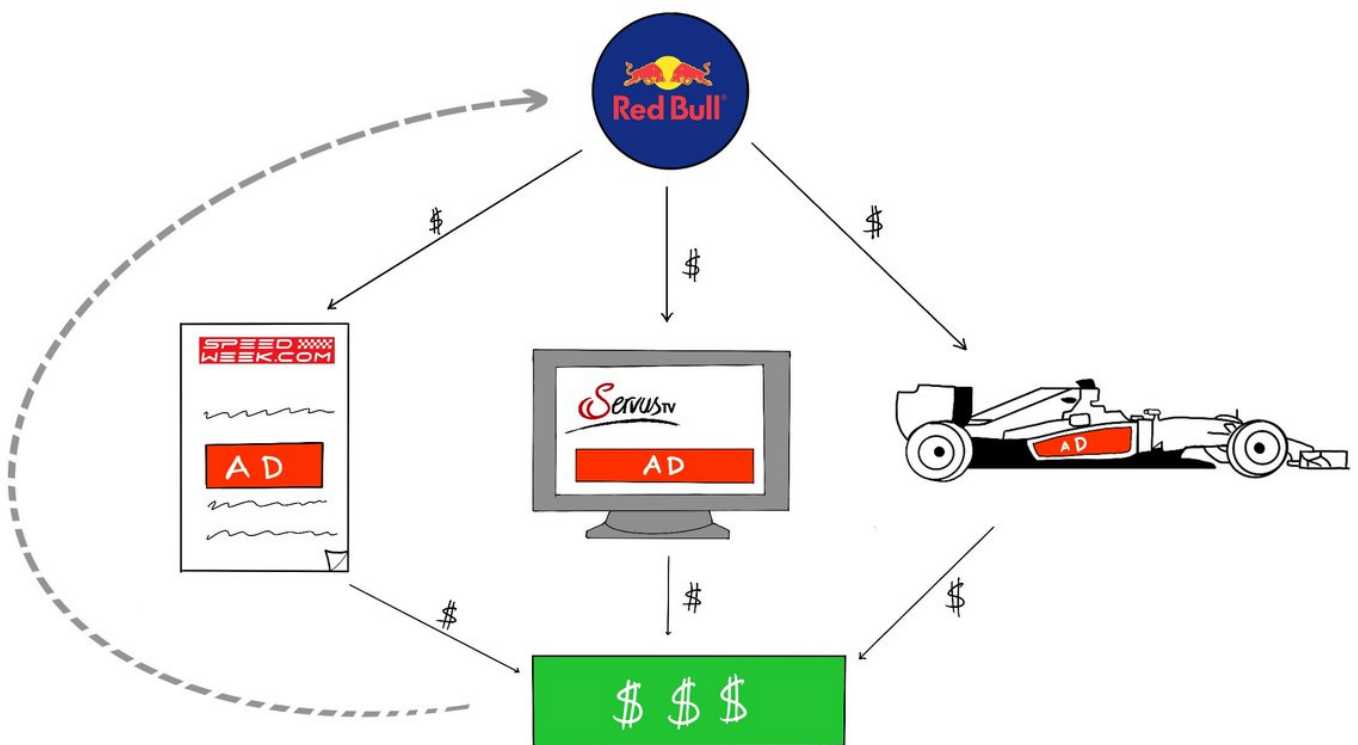
What does that mean?

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Rather than pouring cash into paid ads or sponsorship, RB invests in owning new distribution channels.

Coke might sponsor the Olympics, but RB will buy teams, tv channels, and host events.

## Buying Distribution



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In time, these costs became a revenue opportunity.

Suddenly brands want to advertise on Red Bull's platforms, whether that's The Red Bulletin magazine, Servus TV, or a new motocross race.



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Red Bull might not make its own drinks, but it does manufacture something: history.

What does that mean?

RB aggressively invests in soccer, F1, esports, and hockey teams.

Why?





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Sporting teams reliably create history.

Season after season, they compete for titles and cup competitions.

Winning ensures RB's name is quite literally written into the sport's history.

This is profound: RB doesn't \*sponsor\* the story, it becomes part of it.



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This gives RB's product differentiation that it can't supply through the production process.

It also continuously reduces CAC. Why?

- Creates deep rapport with fans
- Allegiances are passed down thru generations
- Earns huge organic exposure

# Manufacturing History: Continuously Reducing CAC



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Though it was started +30 years ago, RB feels like a particularly modern brand.

More and more products are being created. Many are fundamentally similar. That means true differentiation will come from brand and storytelling.

Red Bull does it better than almost anyone.

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