CASE STUDY - UNDERSTANDING CUSTOMERS & CATEGORY LEADERSHIP

dunnhumby

Red Bull

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About Red Bull

- Founded in the mid 1980's
- Head office in Austria with multiple offices across the globe
- Red Bull Energy Drink first sold in 1987 in Austria; this was in fact the birth of a totally new product category
- In 2017, +6.3 billion cans of Red Bull were sold worldwide
- Today, Red Bull is available in 171 countries and over 68 billion cans of Red Bull have been consumed so far

Objectives

- Get a thorough understanding of the customer
- Optimise Energy Drinks category assortment and shelf plansbased on customer behaviour
- Use customer data and insight for better-informed category decisions
- Identify and fix threats to category deflation
- Evaluate supporting tactics at till points to contribute to category uplift
- Increase engagement and collaboration with the retailer

Achievements

- Detailed understanding of the customer and buying behaviour
- Better engagement and collaboration with the retailer through strategy alignment, agreement on tactics and joint category reviews
- Improved category performance in stores where customer data and insight was used to make better assortment decisions
- Significant growth for Energy Drinks ahead of the wider Carbonated Drinks category measured across three regions (21.7% vs 14.5% / 25.6% vs 20.3% / 31.9% vs 5.4%)
- Between 30-54% growth in customer cross-shopping (water plus Energy Drinks)

Understanding customer behaviour to uplift the energy drinks category and minimise the risk of deflation

Since its inception in the mid 1980's, Red Bull has been 'giving wings to people and ideas' so putting the customer first was not new to the business. Red Bull believed that customers should be at the heart of every decision, but they also recognised they needed to know their customers better and increase engagement with Shoprite (leading retailer in South Africa) to succeed.

Challenge

With low involvement in assortment decision making at Checkers (one of Shoprite's upmarket store chains) but the disposition to drive growth and align to customer needs, Red Bull initiated a journey to work closer with the retailer and formulate collaborative win-win strategies to maintain their leadership in the Energy Drinks category.

Red Bull also realised that the category was not being led by a customer-first approach and decided to partner with dunnhumby to embed customer data and insight into all merchandising decisions.

The entrance of low tier brands to the category was also a threat for category deflation. Hence the need to put in place the right strategies to keep Energy Drinks appealing to the up-market consumer, in line with the retailer's shopper profile.

Solution

The first step of the journey was to use dunnhumby's Shelf Review to perform a detailed analysis of Energy Drinks as a separate category. A combination of performance, cross-shopping and basket reports were utilised to obtain a deeper understanding of the customer and its buying behaviour.

The review revealed how water and Energy Drinks were highly associated in the stores analysed, suggesting that merchandising these two products alongside each other could help increase Energy Drinks sales.

In addition, the analysis of the customer data provided an important insight about preferences. More than 70% of shoppers expected their drinks to be chilled for immediate consumption after purchase. Red Bull used this information to recommend to the retailer placing coolers at till points, containing both Red Bull Energy Drinks and complementary brands that were usually bought together.

Finally, it was identified that consumers who buy Energy Drinks are likely to pay a premium price, so a minimum price for Energy Drinks was agreed with the retailer to protect the category from deflation and maintain/attract a more up-market shopper.

Results

dunnhumby's customer knowledge capabilities, science and tools, empowered Red Bull to become a partner to the retailer and make customer-centric assortment decisions for the category. The retailer also showed great commitment, knowing that these decisions were backed by customer data and insights, and agreed to test the recommended strategies in several stores.

The new strategies were implemented in three different regions and the improvement in category performance was evident. Energy Drinks showed substantial growth in value ahead of the wider Carbonated Drinks category; in addition, cross-buying of 'water and Energy Drinks' also grew significantly.

Achievements across three different Regions in South Africa

Region	Results
Great North Area	• Energy Drinks growth (in value) at 21.7% ahead of the wider Carbonated Drinks category growth at 14.5% • Customer cross-shopping 'water and Energy Drinks' grew by 32%
Western Cape	• Energy Drinks growth (in value) at **25.6%** ahead of the wider Carbonated Drinks category growth at **20.3%** • Customer cross-shopping 'water and Energy Drinks' grew by **54%**
KwaZulu-Natal (KZN) selected stores	• Basket penetration, units, value and visits grew ahead of KZN stores where the new strategies were not implemented • Energy Drinks growth (in value) at **31.9%** ahead of the wider Carbonated Drinks category growth at **5.4%** • Customer cross-shopping 'water and Energy Drinks' grew by **30%**

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THE WORLD'S FIRST CUSTOMER DATA SCIENCE PLATFORM

dunnhumby is the global leader in Customer Data Science, empowering businesses everywhere to compete and thrive in the modern data-driven economy. We always put the Customer First. Our mission: to enable businesses to grow and reimagine themselves by becoming advocates and champions for their Customers.

With deep heritage and expertise in retail — one of the world's most competitive markets, with a deluge of multi-dimensional data — dunnhumby today enables businesses all over the world, across industries, to be Customer First.

The dunnhumby Customer Science Platform is our unique mix of technology, software and consulting enabling businesses to increase revenue and profits by delivering exceptional experiences for their Customers – in-store, offline and online. dunnhumby employs over 2,000 experts in offices throughout Europe, Asia, Africa, and the Americas working for transformative, iconic brands such as Tesco, Coca-Cola, Meijer, Procter & Gamble, Raley's, L'Oreal and Monoprix.

Contact us to start the conversation
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