BUS 306

4/12/14

Chapter 13 & 14 Graded Assignment

**Chapter 13**

*Marketing Ethics Questions 1 & 2*

Yes, it is fair that Congress defined retailers operating roll-your-own machines as manufacturers. The purpose of taxes and regulations are to create a fair market for companies to sell their goods to the public. These guidelines are set to avoid situations like predatory pricing and price-fixing. The retailers are being unethical by labeling loose tobacco as pipe tobacco to avoid the high tax. This is creating an unfair market. According to Forbes, some loose pipe tobacco companies even labeled their packaging with three letters to represent the similarity between the product and rolled cigarettes. “So, for example, “pipe tobacco” marked MRD is supposed to roll into cigarettes that taste like the Altria Group’s Marlboro Red and tobacco labeled CML is supposed to replicate Reynolds American Inc.’s Camel Light, the GAO reported.” (Novack, 2012). This situation can be described as one in which the businesses using roll-your-own machines and selling pipe tobacco to avoid taxes are practicing predatory pricing. By selling these products in the nature they are selling them, the businesses have the intention of pushing a competitor or gaining higher long-run profits. This would eventually result in putting competition out of business.

*Company Case Questions*

1. There are many ways in which Red Bull’s promotional efforts are unique from those of the mainstream. Red Bull’s promotional mix focuses mainly on advertising and public relations to take consumers through the buyer-readiness stages. For example, the first marketing tactic adopted by the company was throwing cans of Red Bull to consumers from SUV’s with large Red Bull can replicas attached to the back. As stated in the study, “He wanted to engage customers through activities so meaningful to them that deep relationships would form quickly.” The strategies he uses, do just that. Another example of Red Bull’s non-mainstream promotional efforts includes the creation of a sport known as Red Bull Crashed Ice. In addition, the company has sponsored numerous sports and music events, as well as created a new concept in in the concert scene, known as Red Bull Common Thread. Lastly, it has produced a number of television shows, and has created its own television network. All of these successful promotional efforts result in Red Bull’s success.
2. As stated above, Red Bull focuses on advertising and public relations to build the majority of its promotional mix. I would give Red Bull an ‘A’ in integrating these elements into a marketing communications campaign. The company has become known for its slogan, “Red Bull gives you wings”, and its unconventional marketing tactics. Keeping it consistent, has not only contributed to the success of the marketing efforts, but has also shown that Red Bull has adopted an integrated marketing communications concept. In this, its message is consistent, clear, and compelling among all marketing channels.
3. I believe that if Red Bull began to incorporate more traditional marketing techniques, their target market would consider them boring. Due to the fact that the company started from the beginning using marketing techniques that are unconventional, it will need to remain consistent in order to meet consumer expectations. Red Bull may choose to incorporate traditional marketing techniques in addition to their non-traditional efforts, however, I feel as though, overall, it would be ineffective. Lastly, I believe Red Bull will continue to be innovative in their marketing efforts because it is one of the factors that best describes it as a company.
4. Red Bull’s target audience is primarily young males. More specifically, this includes young male athletes and extreme-sports enthusiasts. As stated above, Red Bull does an excellent job reaching its target market through its non-traditional marketing efforts. One specific example is: Red Bull’s branding was plastered all over the event in which Felix Baumgartner jumped from the stratosphere, breaking four world records while also testing the next-generation space suit. This is just one way in which the company works to promote and create deep customer relationships through emotional experiences, and reach its target market.
5. If Red Bull wanted to reach outside its target market or create a new target market, it would definitely have to alter its promotional strategy to do so. This altering may include the adoption of more traditional marketing techniques. However, I do not believe that this reach would be critical to the success of the company. If Red Bull continues to market towards its target market, it will remain successful. It will be necessary for the company to change and adapt its promotional strategy with the changing trends, which at some point, may include slight alteration of marketing techniques.

**Works Cited**

Novack, J. (2012). Federal tax hike drives roll-your-own smokers to pipe tobacco. Retrieved from http:// www.forbes.com/sites/janetnovack/2012/04/18/federal-tax-hike-drives-roll-your-own-smokers-t o-pipe-tobacco/