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Coke ups the ante in energy drinks

By Dale Buss & Julian Mellentin

From Europe to the U.S., Coca-Cola is rolling out a series of initiatives that aim to challenge Red Bull's global dominance of the fast-growing energy drinks business.

In Europe, as New Nutrition Business went to press Coca-Cola was launching BPM Energy in the Irish market. Packaged in a 38cl wide-mouth PET bottle, the new brand comes in two variants, BPM Energy Hydrate and BPM Energy Focus and is positioned as a source of daytime energy. Coca-Cola Ireland told New Nutrition Business that there are currently no plans to extend BPM beyond the Irish market, where the brand's launch is to be supported with a major communications campaign, including TV advertising and a distribution strategy to make the brand widely available. For the full story on the launch, turn to page 4.

In the U.S., Coca-Cola Co.'s KMX is an admitted also-ran in the energy-drink market and one of several experiments in the niche being conducted by the Atlanta-based beverage giant. But that isn't stopping Coke from launching a number of new initiatives behind KMX that ambitiously target Red Bull's dominance of the still-growing "on-premise" energy-drink market in U.S. bars and nightclubs.

NEW PACKAGE DESIGN SLATED FOR 2003

Coca-Cola will be introducing KMX in a distinctive glass bottle, co-branding KMX in a new mixed drink with Brown Forman's Finlandia vodka, and working with third-party liquor distributors in key markets to penetrate the A-list bars and nightclubs in

those cities, among other things, Eric Lewis, KMX brand manager, told New Nutrition Business.

The conventional wisdom is that Coca-



Cola must get more serious about non-carbonated markets such as energy drinks, as its traditional products flatten out. But Lewis candidly acknowledges the persistent difficulty for a small brand like KMX to get resources and attention in a company where new-product success is defined by behemoths like the recently introduced Vanilla Coke and, ultimately, by the granddaddy of all beverages, Coke Classic.

"Look at Coke's whole portfolio and what we're doing right," he says. "The flagship brand is doing well, and the company is focusing on the new ad campaign for it. Diet Coke is on a roll, and Sprite is doing well, and line extensions like Vanilla Coke are doing exceptionally well. The water category is on fire right now, and we have Evian, Dannon and Dasani there. And now in sports drinks, PowerAde is gaining market share.

"Then when you finally get through all that, you get to other categories like energy drinks and coffees and teas. I'm aware of where I'm at on the ladder as far as priorities go at Coke."

Lewis also acknowledges the success of Red Bull in defining and leading the energy-drink market. "They invented the category and have first-mover advantage and have done everything right," he says, including fielding a force of on-campus representatives at colleges and universities.

Yet, Lewis insists, KMX has a lot to build on. "We're hitting around one million cases a year, which is good for a small brand in this category," he says. "But I wish we could do better with it. If we had a little more system

Continues on page 3



**Kellogg
builds on its
health equity**

Page 29



**Zero-calorie
and good
communications
propels a booming
brand**

Page 30



**Seven key
trends**

Page 23