

QUIDDITCH FIGHTS TO TAKE OFF

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Boom behind the boost

The world's top energy drink began in Thailand, but it took an Austrian to turn it into a global phenomenon by tweaking the formula and making it synonymous with high-octane sports

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Phakhaphon Kheamthong works as a motorcycle taxi driver, spending 12 hours a day, six days a week navigating the congested streets of Bangkok in muggy tropical heat and a haze of exhaust fumes.

Whenever the 53-year-old feels tired, which is often, he resorts to a pick-me-up to help keep him going. That extra jolt of energy comes from a small, 150ml amber glass bottle that looks like it was bought from a pharmacy.

A label on the bottle bears an illustration of two red wild gaur – or Indian bison, the world's largest bovine species, which is native to the Indian subcontinent and Southeast Asia – about to butt heads before a yellow sun disk.

Inside is a sickly sweet, vaguely medicinal-tasting drink that contains caffeine, taurine, glucose, B vitamins and various other ingredients. The product is called Krating Daeng, which was introduced to Thailand in 1976 by ethnic Chinese entrepreneur Chaleo Yoovidhya and later transformed for the international market into Red Bull, now the world's leading energy drink.

Energy drinks are hugely popular in Thailand, where different brands are sold in nearly identical bottles for about 10 baht (HK\$2.35) each. Their advertising is targeted at low-paid workers enduring long hours: taxi, tuk-tuk, truck and bus drivers, and construction workers.



It smells good and tastes good. Some other brands give me heart palpitations

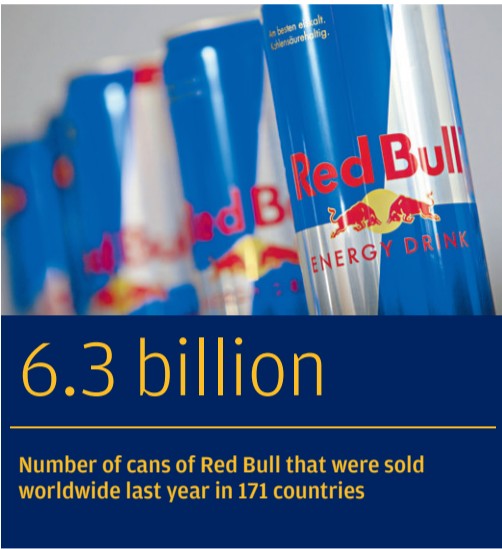
PHAKHAPHON KHEAMTHONG (ABOVE), MOTORCYCLE TAXI DRIVER

Despite the many alternatives, Phakhaphon has stuck by Krating Daeng, whose name translates roughly as “red bull”. “It smells good and tastes good,” he says. “Some other brands give me heart palpitations.” With Krating Daeng, whose caffeine content is 32mg per 100ml, the pick-me-up effect “isn't instant, but gradual”, he says.

Krating Daeng inventor Chaleo was the son of poor Chinese immigrants from Hainan province who raised ducks for a living in rural Thailand. In the mid-1950s, while still in his early 20s, young Chaleo moved to Bangkok to sell pharmaceuticals. In 1956, he set up his own manufacturing business, T.C. Pharmaceutical Industries, to make antibiotics.

“Chaleo started out as a medicine salesman like us,” says Winai Osathavoranun, a Chinese-Thai pharmacist who runs a drug store in Bangkok's Chinatown and is also the son of immigrants. “He saw an opportunity. Back then there was only a Japanese energy drink and some no-name mixtures on the market.”

That Japanese drink was Lipovitan D, which remains popular in Thailand. Originally



introduced in Japan in 1962, the drink was brought to Thailand by Japanese expats who came to oversee operations at the local factories of Japanese companies.

Many Thai workers developed a taste for the energy-boosting Japanese concoction, which gave Chaleo an idea. He tinkered with Lipovitan's recipe and made a sweeter version to appeal more to local taste buds.

Yet Chaleo's tonic, which would one day come to dominate the global energy drink market, wasn't an overnight success.

“At first it was not very popular,” Saravoot Yoovidhya, one of Chaleo's 11 children and the CEO of T.C. Pharmaceutical, told a Thai newspaper in 2015. “It was quite different from others in the market, and [my father] focused first on upcountry [inland] markets rather than in the cities where other competitors concentrated.”

If Chaleo was a good pharmacist, he was an even better salesman. He designed the logo for his drink, which was then still regarded more as medicine than a refreshment, with an inspired flair for marketing. The two charging bison evoked the lively spirit of the bull fights that have long been popular in parts of rural Thailand. It proved to be a winning formula: iconography with bulls steeped in mythological undertones wedded to the mystique of rejuvenating concoctions.

For some early customers, Winai says, Krating Daeng held a special aura of sorts. In traditional medicine, certain animal parts and bodily fluids are believed to have aphrodisiac effects. Some Thai men believed the taurine in Krating Daeng was derived from the testicles of bulls.

Taurine, an organic compound that aids muscle functions and boosts endurance, was named after “taurus” (Latin for “bull”) and can be extracted from bull semen. Yet contrary to wishful thinking by some Krating Daeng aficionados, the drinks' taurine content has always been produced synthetically.

Chaleo knew his upcountry market well. A 1970s sepia ad for Krating Daeng shows two labourers relaxing on a wooden platform in a rural setting while heartily downing the drink from tumblers.

The drink, a caption explains, mixes well with whiskey and also comes in solid form as pills.

Chaleo didn't stop there. Soon his company began promoting its

tonic to fans of Muay Thai, the country's home-grown sport. Over time, Krating Daeng came to be closely associated with the fighting sport through the company's sponsorship of high-profile champions and boxing events.

Chaleo's big break came in 1984. During a visit to Thailand that year, Dietrich Mateschitz, a globetrotting Austrian marketer who was selling toothpastes, found that a bottle of Krating Daeng cured his jet lag. He approached Chaleo with an offer: to set up a company in Austria to sell the energy drink abroad.

For foreign consumers Mateschitz changed the name of Krating Daeng to Red Bull. He kept the drink's core ingredients and much of its original flavour, but carbonated it to make it more appealing to international tastes and function as a mixer for alcoholic drinks. He ditched Chaleo's medicine bottles for eye-catching silver and blue aluminium cans.

Finally, rather than target low-income earners, Mateschitz marketed the new energy drink to an upmarket clientele of young party-goers, adventurers and extreme sports fans. Fun-loving young people are still Red Bull's core customer base.

“When we first started, we said, ‘There is no existing market for Red Bull, but Red Bull will create it,’” Mateschitz told *Forbes* magazine in 2005.

The Austrian businessman's masterstroke was to create a lasting association – through sponsorships of athletes and events – between the energy surge from Red Bull and the adrenaline rush from high-octane pursuits such as cliff diving, skateboarding and air racing. The company's Flugtag events, in which competitors try to fly home-made, human-powered flying machines off a pier, are being staged in an increasing number of cities around the world, including Hong Kong.



Red Bull dominates the sale of energy drinks in many markets, including the US

“It's a textbook example of how to convert a brand icon with rich emotional meaning into marketing tactics which reinforce that meaning,” says Martin Loewe, a Bangkok-based marketing professional from Britain who specialises in start-up branding.

Red Bull made its debut in Austria in 1987 with the slogan “Red Bull gives you wings”. Yet it was the drink's manufacturers who would truly soar. Red Bull GmbH, the company Chaleo and Mateschitz founded, has sold tens of billions of cans of Red Bull. According to company figures, last year alone it sold 6.3 billion cans worldwide in 171 countries.

Red Bull dominates the sale of energy drinks in many markets, including such lucrative ones as the US, where it boasts a 43 per cent market share. In Thailand's 32 billion baht domestic energy drink market, though, Krating Daeng, which is now also sold in some health and wellness variants, has been losing ground to local rivals M-150 and Carabao, both of which have emulated Red Bull's marketing strategies.

Over the years, the Yoovidhya family and Mateschitz – neither of whose companies responded to interview requests from the *Post* – have become fabulously rich. The Yoovidhyas, who have branched out into real estate and Ferrari sales, are one of Thailand's wealthiest families worth an estimated US\$13 billion by *Forbes*.



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