

# The frenzied success of a new energy drink

Aki Kalliatakis

aki@leadershiplaunchpad.co.za

This is the next article in a series on how behavioural economics and 'being human' affects your business.

In the early morning of Monday 1st May, with my wife rolling her eyes, I took my sons to Checkers in our neighbourhood, and we joined hundreds of other customers queuing to get their latest 'fix', a new energy drink that had previously been selling for up to R700 a bottle at selected petrol stations. To their great credit, the marketing team at the retailer had seen what was coming and responded magnificently to the challenge.

Once in a while a new product is launched with massive hype and seems to dominate headlines – blows up social media, and leads to frenzied consumer buying.

Now that the dust has settled, it's a good time to take a look back at the launch of Prime Energy drinks.

My favourite story was of a young English boy who bought as many as he could, drank them up and then sold the empty bottles for a huge markup. According to the YouTube write-up, "Charlie Smith, ten, braved excessive queues outside Asda stores last month to get his hands on the drink, which was created by YouTube stars Logan Paul and KSI."



Image courtesy of menshealth.com

And good for him!

But as a case study in human psychology and behavioural economics, this ticks so many astute marketing boxes. Because human beings are so resistant to change and breaking habits, there are many tactics marketers use to 'manipulate' buying behaviours, or to nudge consumers into doing things that are not always logical. These biases and heuristics/shortcuts – and there are more than 1000 of them – are very powerful.

Prime used at least 20 heuristics and psychological biases that make it very desirable and cool for their target market. We can't go into all of them here, but I'd like to highlight a few, and you can use these lessons in your own business.

Perhaps the most powerful is the power of scarcity bias working in tandem with loss aversion. By severely limiting stocks, stating that there could be "only 8 per customer" or "only while stocks last"

**Heuristic, or heuristic technique**, is any approach to problem solving or self-discovery that employs a practical method that is not guaranteed to be optimal, perfect, or rational, but is nevertheless sufficient for reaching an immediate, short-term goal or approximation. [Wikipedia](#)

**Veblen goods** such as luxury cars are considered desirable consumer products for conspicuous consumption because of, rather than despite, their high prices. [Wikipedia](#)





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SCAN ME

and reducing the number of outlets where the drink was available, the company created a sense of urgency to buy this at any cost. Apple and many other companies use this tactic when they launch a new product, and they do it well. In some cases, customers are in fact horribly disadvantaged, such as when they make really bad investment decisions.

But another factor was also at play with the unbelievably high price, and it's the bias known to play a role with so-called Veblen Goods. The extreme price is what makes it attractive, and just about all luxurious products display this. Being on the overcrowded beach in Plettenberg Bay and queueing for dinner at an expensive restaurant every night in December is not a definition of a good holiday – but it does give people bragging rights. "Look at me. I can afford it!"

At the other end of the transaction is the principle of 'costly signalling'. This essentially happens when the more money or resources a business spends to market their products or brand, the more trust a customer will have in the brand. For instance ...

“... if you see a new appliance advertised on TV that has paid for an expensive advertisement with a costly celebrity like George Clooney, you assume that the brand must be successful, and they have to live up to their reputation because they have that much more to lose.”

Image courtesy of nestle-nespresso.com



The use of cool influencers – people who are sexy and desirable – is not new nor unique. Just a couple of columns ago I discussed how a coffee brand uses George Clooney and actress Camille Cottin to promote customer fantasies: "If I buy the pods and drink the coffee I may just one day wake up next to him/her."

We know that the success of Prime Energy drinks would not have happened without the power of social media, and YouTube in particular. The promoters of the drink report that they have sold in excess of \$250m worth ... and that excludes SA sales.

But that is a fraction of perhaps the most famous YouTuber of them all who has had billions of views of his videos ...

“Mr Beast promoted many products and brands, including other drinks and Patagonia sporting gear, and even created his own fast-food chain. He started when he was 13, but what makes his channel so appealing is that it's just different.”

Mr Beast once sawed through a wooden kitchen table with a plastic knife. It took many hours, was undeniably terribly dull, and yet still garnered more than 3,5 million views.

But there is also something else playing a role here ... the psychologists call it 'input bias'. It basically says that when customers notice how much time, effort and money you have put into creating something, they value it more, even more so when nobody has ever tackled anything like this before. For example, when you see how much effort goes into preparing a meal, you actually enjoy it more.

Speaking of Patagonia, they also use costly signalling to showcase their values ... for example, they refuse to sell their corporate vests to people who work in companies that damage the environment, like oil companies, mining companies, and finance firms.

This decision ultimately changed how people perceived the brand, making some value it more.

We also shouldn't ignore the power of the tribe. Communities of people with something in common, in this case teenagers and their

friends, can explain many behaviours that we saw with the drink ...

- The **Bandwagon Effect** ... "You're seriously NOT COOL if you don't buy this."
- **In-Group Bias**: at this age we are establishing our independence from our weird parents and as an act of rebellion – we will do exactly opposite



Image courtesy of marca.com

MR BEAST

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of what our parents do. (I have a feeling that there may even be a rebellion against other energy drinks like Red Bull, which at some point was unique, but is now totally mainstream.)

Image courtesy of sproutsocial.com



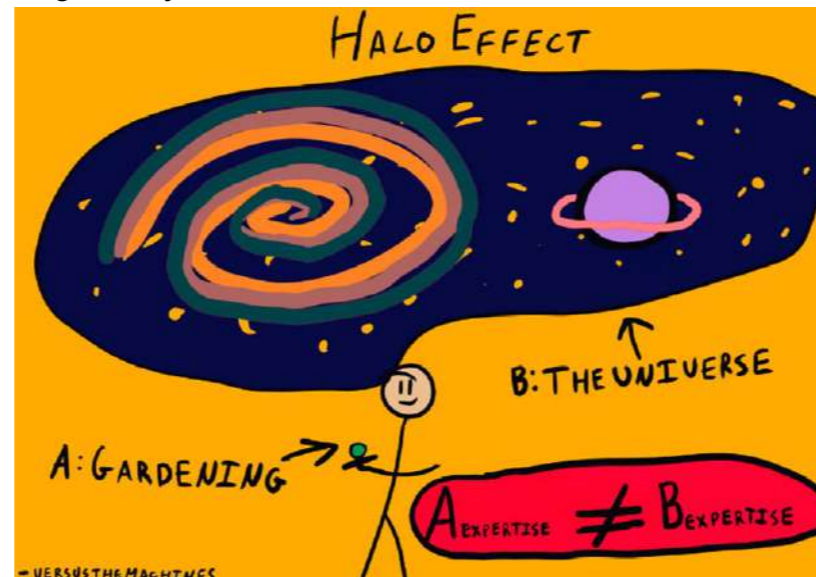
## Social Proof

Social proof is a phenomenon where people follow and copy the actions of others in order to display accepted or correct behaviour, based on the idea of normative social influence.

**Social Proof** means that we are comfortable doing this irrational thing because all our friends and peers are also doing this. It happens at all ages.

When you combine social proof with the **Halo Effect** it boosts the power disproportionately. I know that my fellow golf fans are going to get cross with me, but when we pay a fortune to follow famous golfers on a course, walking in only selected limited paths, and being ordered around like schoolchildren, well, maybe it's because I think that somehow I'm also great if I'm just in their presence.

Image courtesy of thedecisionlab.com/biases/



## Halo Effect

A cognitive bias that claims that positive impressions of people, brands and products in one area positively influence our feelings in another area.

Image courtesy of brandmarketingblog.com



## Framing Effect

How a piece of information is framed can make it more or less effective at changing behaviour.

Finally, I'd like to focus on specifically what the marketing decision makers shrewdly and incisively did at Checkers, and it's related to the **Framing Effect**. Understanding the hype amongst young people from overseas and seeing what happened at those isolated petrol stations

who sold the drinks at a huge price, they offered it for a 'mere' R40 a bottle. How you frame the price gives people a chance to justify the price. "Wow, that is so cheap!"

Which just goes to show the old adage that "people buy emotionally and then justify with logic" is true.

Image courtesy of youtube.com



## What are the future prospects for Prime?

My prediction is that it's going to fail to sustain what happened. Why? First, sense eventually prevails, because after all it's just water, sugar, caffeine and mysterious X-factor. In addition, early studies are showing it's no good for kids and pregnant women.

But most importantly, it's now UNCOOL! I mean, kids are very soon going to say, "What? Checkers"?! No, let's move on now." **SR**



Aki Kalliatakis is the managing partner of The Leadership LaunchPad, a company dedicated to helping clients become more customer driven. He can be contacted at +27 (0) 83 379 3466, or via the website at [www.leadershiplaunchpad.co.za](http://www.leadershiplaunchpad.co.za)

Serves: 4  
Preparation time: 130 minutes  
Cooking time: 40 minutes

## GOLDI, COUNTY FAIR, FESTIVE or MOUNTAIN VALLEY Chicken Drumsticks

### INGREDIENTS

#### Chicken:

- |                            |                              |
|----------------------------|------------------------------|
| ½ cup double-cream yoghurt | 1 can cherry tomatoes        |
| 8 chicken drumsticks       | 2 tsp turmeric               |
| 3 tbsp oil                 | 2 tsp garam masala           |
| 1 onion, chopped           | 2 tsp ground coriander       |
| 4 garlic cloves, minced    | 2 tsp ground cumin           |
| 1cm ginger, grated         | 1 cup cream                  |
| 3 tbsp tomato paste        | 10g fresh coriander, chopped |
| 1 tsp chilli flakes        |                              |

Ideal for a family meal

Tasty & Delicious

## CHICKEN TIKKA

Did you know that chicken tikka was popularised by South Asian cooks living in Great Britain?

#### Method:

1. Marinate the chicken in yoghurt for 2 hours.
2. Add a dash of oil to a pot. Add the onions, garlic, and ginger and fry for a minute or two.
3. Add the tomato paste and chilli. Cook, stirring, until the paste's colour changes.
4. Add the tomatoes and spices. Simmer for 5 minutes.
5. Gently add the chicken to the pot and cook for 20 minutes.
6. Add the cream and coriander, and serve over rice.

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Serves: 6  
Preparation time: 20 minutes  
Cooking time: 44 minutes

## GOLDI, COUNTY FAIR, FESTIVE or MOUNTAIN VALLEY Chicken Pieces

### INGREDIENTS

#### Chicken:

- |                         |                                   |
|-------------------------|-----------------------------------|
| 2 tbsp oil              | 1 tsp paprika                     |
| 6 chicken pieces        | 250g long-grain rice              |
| 1 onion, chopped        | 1½ cup chicken stock              |
| 2 garlic cloves, minced | 1 green pepper, chopped           |
| 2 tsp ground coriander  | 4 sprigs fresh coriander, chopped |

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## ONE-POT CHICKEN AND RICE

Tummy rumbling? Brown chicken pieces and cook with rice, spices and coriander for a satisfying meal in minutes.

#### Method:

1. Heat oil in a pot and brown the chicken all over. Remove and put on a plate.
2. Sweat the onions in the same pot until soft. Add garlic and spices and cook for 2 minutes.
3. Stir in the rice and browned chicken.
4. Cover with stock and bring to a boil, reduce the heat and simmer for 30 minutes or until the chicken is cooked through.
5. Scatter the green pepper and coriander over the chicken, and season with salt and pepper.

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