



INTRODUCTION

AS A SEVENTH GRADER on the Roslyn Middle School cross-country team, I wasn't exactly an asset. Thanks to my occasional walking during races, I finished so far behind the pack that my scores were almost never counted in the team standings. Some people might have given up, but there remained one thing that validated my worth as an athlete. Luckily, 16 ounces of the magic potion could be purchased for \$1.29.

Others might have bought Gatorade as the juice that gave them that extra edge, but for me, it wasn't about staying hydrated. I couldn't have cared less about the science behind it all. It wasn't about the great taste, either. I mean, who really wants salt in their drink?

It was not as clear then as it is now, but holding that glass bottle in my hand and drinking the very same yellow, red, and orange

concoction that was guzzled by all the athletes I admired made me feel as if we had a bond.

Wheaties could call itself “The Breakfast of Champions,” but I never really believed it. Did you ever see the athletes featured on the box chowing down on those flakes? There definitely weren’t spoons and bowls scattered on the playing field.

I was sure that Gatorade was the “Drink of Champions.” Every place I watched, either in person or on television, there were those big orange coolers full of it. Pitchers who had just struck out the side would go into the dugout, grab a green waxed paper cup with the Gatorade logo on it, and refill themselves with the special substance that would certainly give them another inning of success.

For as long as I could remember, NFL players would hoist the Gatorade cooler and dump it on their coach, surely a sign of homage to the drink as much as it was to the coach himself, at least to this 14-year-old.

So while others in my grade worshipped Right Said Fred for his rendition of “I’m Too Sexy,” the official theme song among my clique was “Be Like Mike,” the Gatorade jingle featuring Chicago Bulls superstar Michael Jordan, which was introduced less than a year before my graduation.

Before I knew anything about sports marketing, I thought that every team had Gatorade on the sidelines or on the bench because if they didn’t, they were pretty much forfeiting the game. I knew it wasn’t in the official rules, but I thought that every team just understood that Gatorade was the 10th batter in Major League Baseball, the 12th man on an NFL offense, and the 13th man on an NBA bench.

As I grew older and learned more about the business, I started to understand that the omnipresence of the brand was part of a well-targeted strategy. Gatorade had amassed a network of thousands of

sponsorship deals worth hundreds of millions of dollars (at least \$135 million was spent on advertising alone in both 2003 and 2004¹) that required leagues and events to give the brand a significant presence.

Today, more than 60 Division I-A schools are under contract to use the brand, as are 28 of the 30 NBA teams. Gatorade is guaranteed to be the official drink on the sidelines of every NFL team through the 2011 season, thanks to a deal that was signed in February 2004 that pledges that the brand will pay the league more than \$45 million per year. The brand is also a large part of the amateur sports scene, sponsoring thousands of road races and active sporting events as well as awards for high school athletes in all 50 states and the District of Columbia.

It's one thing to have a great marketing plan. It's another to execute it to near perfection, as those who worked on Gatorade's brand have done over the years.

That being said, all the marketing in the world won't create sales if the product isn't any good. I might not have cared how or if it worked, and I'm sure scores of others didn't either, but it must have helped.

Only once did I associate Gatorade with failure—when Chicago Cubs second baseman Ryne Sandberg accidentally spilled a bucket of the drink on first baseman Leon Durham's glove 10 minutes before the start of the fifth and final game of the 1984 National League Playoffs. Durham's error in the seventh inning of the game helped the Padres take the lead and eventually win.

"The glove got heavy and sticky after the Gatorade spilled on it," Durham said.²

But for every Durham error, there were scores of stories that associated Gatorade with a winner—real stories about real athletes who supposedly gained a real advantage from sucking it down.

Like the story of a harness horse named Manfred Hanover, who in 1985 won an astounding 24 of 46 races. In 1986, the horse was recognized by *Sports Illustrated* after prevailing in 16 straight races. The secret for the horse, whose father was aptly named Super Bowl? Drinking 200 gallons of orange Gatorade each year.

In 2004, 19-year-old Olympic swimmer Michael Phelps tied Mark Spitz's American record by winning eight medals at the Summer Games in Athens. When he bought his mother, Debbie, a new Mercedes, he told her it was "for all the Gatorade you bought me."³

The Gatorade mystique doesn't involve just those in the sports world. Its legend has been affirmed in the most untraditional of environments, most recently in the story of five-year-old Ruby Bustamante. In April 2004, a guardrail repairman in California found Ruby and her mother in a ravine 130 feet below the highway after a car accident that had occurred 10 days before. Ruby's mother had died immediately as a result of the crash, but Ruby survived, thanks to somehow having the wherewithal to ration the uncooked ramen noodles and Gatorade that happened to have been in the car. Gatorade and Nissin Foods, the maker of the noodles, reportedly donated \$5,000 each to establish Ruby's college fund.

Gatorade has become one of the most perfect products in American consumer history. The drink itself has meaning, an unshakable marketing platform, and a sales force that has refused to give up anything to its competition. This has led to an 80 percent market share throughout the better part of the drink's existence.

The *New York Times* named Gatorade one of the 100 best brands of the 20th century—along with the beverage kings Coca-Cola, Pepsi, and Budweiser. But consider that Pepsi and Coca-Cola's share of the U.S. soft drink market combined does not equal Gatorade's share of the sports drink market. Anheuser Busch, maker of Budweiser, had

its best year ever in the United States in 2003, with its domestic market share topping out at 49.8 percent—paltry compared to Gatorade’s 80 percent.⁴

Sales of shoes for Nike and Reebok combined don’t equal the market share that is enjoyed by Gatorade. Only a select few companies can claim such a high market share, such as Intel (about 80 percent of the U.S. PC processor market), Apple (about 80 percent of the U.S. digital music player market), and eBay (about 80 percent of the online auction economy).

Although I felt like drinking Gatorade made me part of a unique club, I obviously was not alone. The drink is a favorite of former vice president Al Gore, it’s the frequent liquid of choice of *Hustler* publisher Larry Flynt, and fictitious sports agent Jerry Maguire pulls orange Gatorade from the fridge in his office in the movie of the same name. Even two of the most popular bulls on the Professional Bull Riders tour, Little Yellow Jacket and Slim Shady, have Gatorade in their water troughs before they go out each night.

It has a loyal following in the music world, too. Elvis chugged Gatorade during his comeback tour in the early 1970s, and the sports drink soon became the required dressing room beverage of R.E.M., KISS, Luther Vandross, and Tom Petty. The members of the group The Moody Blues led all musicians in quantity—requiring 27 liters of lemon-lime Gatorade for every show.⁵

As players on the football team at the University of Florida drink it, so too do the Gators fans, who on average, consume 10,000 Gatorades while sitting in the stands during home games.⁶

Just as it is as relevant to athletes and fans alike, it also has its uses in less traditional environments. Gatorade has saved the lives of children in third-world countries suffering from diarrhea, and its concentrated powder has been a relief to American soldiers fighting

abroad who are sick of the taste of water or need more salt in their diet. It has been offered as a homemade remedy for the common cold and menstrual cramps and can also be used as a toilet bowl cleaner and as bait for roach traps (along with sliced raw potatoes).

Gatorade plays an integral part in alcoholic drinks, such as the Anti-Freeze (Gatorade and vodka) and Green Crap (green Gatorade and gin), and is also used to prevent hangovers the next morning.

When I graduated from Roslyn Middle School, Gatorade came in only a few sizes and a handful of flavors, and the drink grossed about \$800 million in sales for its parent company, Quaker Oats. Thirteen years later, there are more than 30 flavors in eight different bottles on the market worldwide, and the brand is sold in over 50 countries, with gross retail revenues surpassing \$3 billion in the United States alone.

Over the past 40 years, more than a hundred sports drinks that hoped to compete with Gatorade have come and gone. Within the past 15 years, Gatorade has held off Coca-Cola's POWERade and Pepsi's All Sport. It has driven brands like Nautilus, Powerburst, Enduro, BodyAde, Dragonade, Starter Fluid, and Quenchade into extinction, in part because its own Gatorade Sports Science Institute has funded more than 100 studies that demonstrate the efficacy of its product and, sometimes, the lack of worth of its opponents.

It has not won the battle by engaging in price wars or changing the formula of the drink. Gatorade has prevailed because the product works and because those commanding its brand, for the most part, have stayed focused on the sports drinking occasion. These brand managers have developed innovative ways to break through the clutter—from tangible brand identification through its coolers to behind-the-scenes hard work with trainers and convenience store managers.

That's one of the reasons why Gatorade is virtually everywhere. It can be found every day in gas station store refrigerators in Seattle, Washington, on pretzel carts in New York City, and on supermarket shelves in Key West, Florida. Squeeze bottles filled with it can be seen in the hands of NFL players playing on well-groomed fields in front of more than 60,000 people and in the hands of young boys playing a pickup game on the rough concrete courts of Detroit, Michigan, in front of a crowd of six onlookers.

In 2000, Sue Wellington, then president of Quaker Oats's U.S. Beverage Division, said, "When we're done, tap water will be relegated to showers and washing dishes."⁷

She wasn't kidding. Today, more than 100 billion ounces of Gatorade are sold in the United States each year, which means that approximately 12.2 million bottles of Gatorade, or 142 bottles per second, are sold in America every day.⁸

But despite this dominance, the in-depth story of how the 40-year-old brand was conceived as a lab experiment and went from being an undesirable drink to an icon recognized throughout the world is relatively unknown.

In 2002, Gatorade commissioned a survey to discover just how many people knew about the drink's origin. Results revealed that 60 percent of the people polled didn't know that the concoction was invented at the University of Florida for its sports team, the Gators. In fact, 26 percent thought that the drink's name came from a fictitious inventor, "Dr. Lawrence Gator," and 2.1 percent thought the name came from the drink's secret ingredient—alligator juice. When given a range of choices, only 11.2 percent of those polled knew that the brand was nearly four decades old.⁹

This is a classic business story. It begins with four doctors—one of whom had recently come from Cuba with \$5 in his pocket. They

devise a sports drink formula as a side project, with the idea of solving a scientific riddle rather than making a mint.

Through a series of fortunate transactions, their invention finds its way into the hands of some very shrewd businesspeople, who craft a relevant strategy, learn to evolve over time, and stay one step ahead of those who are striving to grab a piece of the pie.

In the process, the story winds up mimicking the world of professional sports that Gatorade ultimately helped serve. This tale is one of teamwork and timing, but it is also wrapped in fortune and greed.

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This account is based on the recollections of the people involved. In an effort to come up with the most accurate portrayal of events, individual memories, which are subjective, sometimes had to be reconciled. I believe that the vast number of people interviewed, combined with my judgment, has yielded the most truthful account possible regarding the elements of the Gatorade story written about in this book.