NASCAR: A Lesson in Integrated and Relationship Marketing

Ralph Lapio Jr. and K. Morris (Moshe) Speter, University of New Haven

I. Introduction

Celebrating its 50th anniversary in 1998, NASCAR has grown from a small Southeastern sport of “moonshiners” to the country’s largest and fastest-growing spectator sport. NASCAR now holds races in just about every major market in the country and is under constant pressure to expand further. The financial rewards of sponsorships, endorsements, and licensing have made NASCAR a two-billion-dollar per year business with teams and tracks considered prime investments by Wall Street. Television rights of Winston Cup races have become a hotly sought property, second only to those of the NFL. In 1998, 70 of the Fortune 500 corporations were actively involved in NASCAR. Top drivers, such as the veteran Dale Earnhardt and the newcomer Jeff Gordon, earn tens of millions of dollars, more from endorsements and licensing than actual race winnings. As Don Hawk, president of Dale Earnhardt, Incorporated, stated, “This sport is an opportunity for entertainment, marketing, and investing, all in one package: NASCAR.” (qtd. in Hagstrom, 1998, credits).

Ralph Lapio is a plant sales manager for the Winsted, CT, machining facility of the Howmet Castings from Cordant Technologies. Ralph has an MBA from the University of New Haven.

Moshe Speter is a practitioner in residence at the University of New Haven, teaching MBA and EMBA courses in marketing and international business. He has a bachelor’s degree from Brooklyn College, an MBA from Columbia University, and a doctorate from Pace University.

The National Association of Stock Car Auto Racing was created by Bill France Sr. in 1948 and is still controlled by the France family today. NASCAR and the track and team owners, sponsors, and drivers are marketing partners, and they know that fan loyalty has been the key to their success. This article will study NASCAR’s number-one venue, the Winston Cup Racing Series, and from this point forward, the terms NASCAR and Winston Cup Series will be used interchangeably.

Indicators of NASCAR’s success are its attendance records, track expansions, and television ratings. Between 1990 and 1996, attendance at Winston Cup races grew 65%. In the same period, NBA attendance increased 17%, the NFL gained 6%, and MLB gained 5.8%. In response, racetrack owners have been adding seating capacity at a frantic pace. Roger Penske’s California Speedway, built in 1996, had already added 30,000 seats for the 1997 season and plans to have a total of 200,000 grandstand seats by 2003 (Action Performance Companies, 1998). New state-of-the-art tracks have been built in Dallas, Miami, and Las Vegas, and other tracks are being planned for the Denver and Kansas City markets (Hagstrom, 1998).

NASCAR’s television audience has grown from 725,000 in 1985 to 41 million in 1989 to 70 million in 1996 (Assael, 1998) to 160 million in 1998.

However, NASCAR is not without its problems, including increasing costs for both its marketing partners and fans. For example, TNN paid $650,000 for the broadcast rights to the 1997 Phoenix race. In bidding for the broadcast rights to the 1999 Phoenix race, TNN outbid ESPN at $5.5 million. At that point, ESPN chose to pursue the proven entity of the NFL.

Fortunately, NASCAR works very closely with all of its “family members.” The France family has done an excellent job of integrating the marketing and investment potential of the sport so that track and team owners, drivers, sponsors, and fans all benefit from the promotion of Winston Cup races. In an interview, Steve O’Donnell, NASCAR’s manager of product development, pointed out that NASCAR makes sure that all of its marketing partners fully participate in both using the sport to further their own interests as well as fueling the popularity and success of NASCAR (personal communication, August 5, 1998). An example of NASCAR’s integrated marketing at work is its “NASCAR Between 1990 and 1996, attendance at Winston Cup races grew 65%. In the same period, NBA attendance increased 17%, the NFL gained 6%, and MLB gained 5.8%.
Online" Internet site, which has links to sponsors, track events, team and driver sites, and merchandise. NASCAR also maintains several other media and programming extensions with regular shows, such as Inside NASCAR (TN), and weekly and monthly publications, such as NASCAR Winston Cup Illustrated. Although five million people watch each Winston Cup race on television, another 2.5 million listen to the races on the radio, and most of these races are broadcast on the Motor Racing Network and flexible partnerships. NASCAR understands the lifetime value of each customer with the result that its customers see it as one of a kind, not one of a group (Treacy & Wiersema).

In addition to the live audience of five million spectators, Winston Cup races each year attract 160 million television viewers and offer $650 million of television telecast time. NASCAR has learned the value of integrated marketing by joining forces with companies such as Action Performance. Action offers Cup fans. NASCAR sanctions Winston Cup races to tracks and licenses its name to teams and sponsors for the cross-promotion of merchandise. However, here we will concentrate on what NASCAR and its marketing partners offer their ultimate customer, the fans. NASCAR offers fans continuous entertainment and excitement. There are Winston Cup Internet sites, magazines, newspapers, television and radio programs, restaurants, theme parks, collectibles, souvenirs, toys, and a myriad of other products. These NASCAR offerings generate excitement and help maintain fan loyalty.

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(MRN), NASCAR's own radio network. Race promotions, sponsors' products, and team and driver merchandise are all cross-promoted throughout all of these media outlets. The result of NASCAR's successful integrated marketing is fan loyalty. Research substantiates that two-thirds of NASCAR fans make an effort to purchase products of NASCAR sponsors, comparable to the 72% fan loyalty boasted by NASCAR (Lapi, 1998).

In addition to integrated marketing, NASCAR has also been a pioneer in the use of relationship and differentiated marketing to build customer loyalty. NASCAR does not attempt to offer the best-priced product. Instead, it offers a depth and range of services that provide a total solution for its fans and marketing partners. Because NASCAR does not own all of the tracks or any of the teams, it must maintain effective relationships with its marketing partners through "virtual control" (Treacy & Wiersema, 1995, p. 121). NASCAR responds to each of its customer segments with differentiated offerings by developing the discipline needed to provide premium services, customized deals, value-added services, easy communication, operational integration, NASCAR merchandising opportunities as well as distribution channels, and NASCAR offers Action the most loyal sports fan base of the nation's fastest-growing spectator sport ("Action, NASCAR Ink Deal," 1998). Unfortunately, the growing popularity of NASCAR and its resulting marketing might also be leading to problems of escalating costs, the loss of friendly and fair competition, the loss of driver accessibility, and the potential loss of sponsors.

It is the thesis of this article that NASCAR's success is due to its successful marketing strategy, which incorporates elements of integrated marketing, relationship marketing, and differentiated marketing, all of which cultivate customer loyalty.

II. NASCAR's Product Offerings

NASCAR and its marketing partners offer differentiated products and services to each other and to Winston "products" work in unison to create and maintain fan excitement both on and off the track.

Fans lucky enough to attend Winston Cup races in person are treated to constantly improving track promotions and amenities. The Lowe's Motor Speedway stages elaborate prerace shows, such as a reenactment of the Grenada invasion. It also offers such amenities as apartment buildings built along the track (even in different styles such as Miami and Fifth Avenue motifs); a six-sided glass and steel building complete with marble piazza, private brass-plated elevators and plush office suites; and seating options from $50 grandstand seats to luxury boxes that rent for $80,000 per race weekend. Lowe's also hosts The Winston, an annual all-star, nonpoints, risk-magnified race of winners from the prior year's races and select previous champions. The Winston starts with
two 30-lap races with $50,000 going to each winner, and a 10-lap shoot-out for a $200,000 prize (Assael, 1998).

The France family and NASCAR have started to venture into nonrace markets, either through licensing or direct investment, in order to expand the overall entertainment and excitement levels of Winston Cup racing as well as continue to target new fan segments. NASCAR Online was created in 1996, and the first NASCAR Café was opened in 1997. The first NASCAR Thunder retail store was opened in 1996; its 20th store opened in 1998. NASCAR SpeedPark (owned by Burroughs and Chapin Co., Inc.) and the NASCAR Café have joined forces to create a 30-acre entertainment complex in the Smoky Mountains of Tennessee that will have nine unique racetracks for youngsters, families, and adults. NASCAR has also recently licensed a chain of NASCAR Silicon Motor Speedway Amusement Centers that feature simulators of 700-horsepower stock cars. The NASCAR Thunder stores (owned by CBS) are modeled after the Warner Brothers chain of stores whereas the NASCAR Café (owned by H & C Racing LLC) is modeled after the Hard Rock Café, and NASCAR’s own DAYTONA USA is modeled after Walt Disney World (Hagstrom, 1998).

DAYTONA USA shows the foresightedness of the third generation of the France family. Intended to target new and younger fans and to promote financial stability, it opened next to the Daytona International Speedway on July 5, 1996. The theme of this 50,000-square-foot, four-story entertainment complex is The Ultimate Motorsports Attraction. Visitors enter through a tunnel like that on the actual Daytona infield and follow a walkway that details the history of Daytona including actual race cars and the Heritage of Daytona film. Visitors can converse with eight Winston Cup drivers in the Heroes of the Track interactive exhibit or compete in Ford’s Sixteen Second Pit Stop Challenge, refueling and changing tires on an actual Winston Cup car. DuPont’s Technology of Speed exhibit shows a sectioned Winston Cup car to help fans better understand the components of a Winston Cup car. The Pepsi Theatre seats 268 viewers and is complete with track-like chain-link fencing.

Gatorade’s Victory Lane exhibit displays an actual winning car, complete with bumps and bruises, and ESPN’s display lets a visitor broadcast a race and take home the tape as a souvenir. There is also a Western Auto Parts America Speedway Tour and stops for “Kodak moments” photographs. Finally, of course, there is the Pit Stop where visitors can purchase food and merchandise (Froscher, 1998).

The integrated marketing and investment of various NASCAR sponsors in DAYTONA USA is the epitome of NASCAR’s integrated marketing strategy.

Throughout all of its product offerings, whether they be races, off-track attractions, or media shows, Winston Cup fans are always given the chance to purchase tangible memorabilia, souvenirs, and collectibles. Jim White, president of Motorsports Direct, a San Diego-based national wholesaler and direct marketer of racing memorabilia, said that NASCAR-related products are hotter than any other motor sports memorabilia (personal communication, May 20, 1998). The souvenirs market includes apparel, die-cast cars, trading cards, and miscellaneous products. Steve O’Donnell, NASCAR’s manager of product development, also stated that although NASCAR’s grassroots product is the race itself, the real product is the merchandising of the sport (personal communication, August 5, 1998).

Survey results confirm that both White and O’Donnell are right on the mark as 71% of respondents buy NASCAR die-cast cars, 75% buy hats, 88% buy T-shirts, and about half purchase posters, flags, stickers, and license plates. Furthermore, 40% of respondents spend

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over $100 per year on NASCAR souvenirs, with 63% spending over $50. That is in addition to the collectibles market wherein 32% of respondents spend over $100 per year and 51% spend over $50. However, it should be noted that 35% and 49% still buy less than $50 annually in souvenirs and collectibles, respectively, leaving a huge opportunity (Lapio, 1998).

Many companies are trying to take advantage of this opportunity, including Action Performance Company of Tempe, Arizona. Business Week in 1997 rated Action at 76th in its annual rankings of America’s fastest-growing companies. Action was also listed as number 46 in Fortune’s listing of America’s 100 Fastest Growing Companies in 1997 (Action Performance Companies, 1998). Action divides its businesses into three segments:

1. Design and market licensed motor sports products including die-cast cars, apparel, and souvenirs.
2. Develop promotional programs for sponsors.
3. Represent drivers in areas of licensing, sponsorships, endorsements, and speaking engagements.

Its marketing strategy is to offer the widest array of licensed products and merchandising opportunities available from any one company using its marketing power to penetrate every level of distribution. With an infusion of $50 million from a follow-on June, 1997, stock offering, Action has been on an acquisition and growth spree. In
1997, Action added six complementary businesses (apparel, souvenir, and die-cast) with combined 1996 sales of $95.5 million. Prior to these acquisitions, Action's sales were primarily from die-cast collectibles. These acquisitions included Sports Image (from Winston Cup champion Dale Earnhardt), Robert Yates Promotions (car owner Robert Yates), Rusty Wallace Merchandising (from Winston Cup champion Rusty Wallace), and Image Works (a mass merchandiser of apparel sold in such national stores as Kmart and Wal-Mart). As for Action's growth, the mainstay of its business, the Racing Collectible Club of America, has seen the membership of this die-cast club grow from 40,000 in 1995 to 100,000 members in 1997, with a goal of 200,000 members by 1999. Consequently, Action has been one of the first companies to see the potential growth of NASCAR and to become a truly integrated marketing partner with NASCAR by offering differentiated and cross-promotional offerings to sponsors, team drivers, and fans. Action's rewards have been a growth in revenues from $26 million in 1995 to $130 million in 1997. Its net income has increased in the same timeframe from $2.8 million to $10.1 million (Action Performance, 1997).

Bill France Jr. says that the driving force in NASCAR's success is the "product there on the race-track—the competition, the color, the charisma, the personalities involved" (Hagstrom, 1998, p. 71). Winston Cup racing as show business was proven at its first Las Vegas Winston Cup race in 1998. Whereas the typical convention brings 5,000 people to Las Vegas, the Winston Cup race brought more than 100,000 fans (Waad, 1998).

Therefore, from race-day excitement to track amenities to off-track attractions and memorabilia, NASCAR and its marketing partners have learned that customer service is the surest way to differentiate a business and to build and sustain a competitive advantage. According to Jim White, it is NASCAR's customer service philosophy that has made Winston Cup racing "a family-oriented, clean sport, that is as American as apple pie" (personal communication, May 20, 1998).

III. NASCAR's Customer Profile

Although initially a Southeastern sport, NASCAR's marketing strategies and tremendous growth have made great inroads into exposing stock car racing to the whole country. Dale Jones, program manager and DJ with WZBG in Litchfield, Connecticut, was concerned that the New England market would not accept MRN's coverage of Winston Cup races. However, the response has been tremendous, and WZBG now also carries a weekly call-in MRN NASCAR show as well as nightly NASCAR news updates (personal communication, May 11, 1998).

As NASCAR increases in popularity, companies are naturally drawn to NASCAR's demographic base, which is exactly what major consumer product companies are targeting. Watch any race, and you will see advertisements and promotions for consumer product companies like Tide, Pepsi, Kodak, The Family Channel, The Cartoon Network, McDonald's, and Coke, just to name a few.

Unfortunately, stock car racing is still largely perceived as a Southeastern regional sport. Over 30 of the four dozen or so Winston Cup teams are located in the Charlotte, North Carolina, area. Mark Haglund, president of STP, believes that although STP is a national brand, its strength is still in the Southeast, where it routinely gets twice as many sales on new products in the first year due to its relationship with NASCAR and Richard Petty; but Haglund also sees the general population's perception and interest in NASCAR growing (Lapio, 1998). The same can be seen in the media where NASCAR was virtually ignored until the 1990s. Now, major sports magazines like Sports Illustrated and investment maga-

zines like Forbes carry regular feature articles on NASCAR. CBS wanted the demographics of the typical NASCAR fan so much that it bought the NASCAR Thunder chain of stores (Hagstrom, 1998).

The opening of new tracks around the country, the fantastic increase in promotional efforts and media exposure, the growth of the Internet as well as the Winston Cup exhibition races in Japan over the last couple of years, Winston Cup racing is growing both nationally and overseas.

NASCAR's fan base has clearly expanded from the days of backyard moonshiners. The demographics of the typical NASCAR fan are as follows (1997 International Speedway Corporation Annual Report):

- Age: 69% between 18 and 44
- Gender: 39% female; 61% male
- Income: 43% with incomes over $43,000
- Education: 93% high school graduates; 51% some college; 31% college graduates or higher
- Occupation: 17% business owners, partners, or upper management
- Homeownership: 82% homeowners

Survey results show New England NASCAR fan demographics are closely related (Lapio, 1998):

- Age: 63% between 25 and 44; 29% over 45; 8% younger than 25
- Education: 42% high school graduates; 37% some college or a 2-year degree; 16% bachelor's degree or higher
- Occupation: 25% professional/managerial; 32% technical/clerical/sales; 23% craftsmen
- Income: 45% annual household incomes of over $50,000; 59% over $40,000
- Marital: 57% married; 32% single; 11% divorced or widowed
- Gender: 31% female; 69% male
- Employment: 83% employed full-time

The behavioral characteristics of the typical NASCAR fan is what draws
sponsors to the sport. A common saying in NASCAR is that a fan is either passionate or not a fan at all. As already noted, 70% of NASCAR fans intend to buy sponsors' products. The average Winston Cup race fan travels 300 miles to the race and stays for 2 to 3 days, spending an average of $280 per day. If a speedway accommodates 100,000 fans, the result is a $70 million impact to the local economy (Hagstrom, 1998). Survey responses show that 62% said they would be willing to travel over 200 miles to attend a Winston Cup event, and 77% would be willing to travel over 150 miles. Also, 74% are willing to spend over $300 for a Winston Cup weekend, and 23% answered that there is no limit to what they would spend (Lapi, 1998). NASCAR and its partners have done an excellent job in cross-promoting the sport and each other. With 68% of survey respondents following over two-thirds of all Winston Cup races and 77% attending at least one Winston Cup race annually, these fans know and support their sport (Lapi, 1998).

NASCAR excels at creating “pull” demand from the fans for the benefit of both the fans and its marketing partners. NASCAR targets all levels of potential fans from the grandstand seating to the high rollers in the $750,000 trackside condos. Examples of different targets can be seen in the tracks owned by Roger Penske. In addition to the grandstand seating, the California Speedway has 71 terrace suites and 55 chalets; Michigan has 37 suites, 40 chalets, and 10 grandstand pavilions for corporates; Rockingham has 34 suites; Nazareth has 39 chalets; and Homestead has 30 suites and 20 skyboxes (Penske Motorsports, 1997). Therefore, NASCAR and its track partners target all economic levels of fans and corporate entertainment needs.

NASCAR also targets the American lifestyle and family values. Car-crazy Americans identify with stock cars that look like their own cars and with Winston Cup drivers who are regular people who have risen to the pinnacle of racing stardom. In surveys, reasons given for the popularity of the drivers and the sport included “no illegal behavior,” “nice guy,” “a friend knows him,” and “Ford versus Chevy” (Lapi, 1998). In addition, NASCAR appeals to the American appetite for speed and danger and is still a true American sport with recognizable American car models driven by Americans.

NASCAR targets America’s “on the go” society by offering race coverage everywhere from the tracks to the various forms of media to retail, food, and entertainment establishments. It also has set itself up as a “family” that includes the fans. All of NASCAR's tracks, teams, and drivers provide moral, and often financial, support to each other. The drivers, team owners, crew, and NASCAR officials have become a traveling small town. The areas where drivers and team owners park their motor homes each weekend look like campgrounds with cookouts and children playing in little pools or on bicycles. Motor Racing Outreach is a traveling church set up by the competitors’ families to offer religious services each weekend and moral support when needed. In interviews, drivers hold their kids and stand next to their wives. This appeals to the heart of the typical Winston Cup fan, who is married and has children.

NASCAR and its marketing partners are working hard to develop the next generation of stock car fans. According to Steve O’Donnell, NASCAR’s diehard racing fans are older, and marketing efforts have historically been geared towards them. NASCAR is now targeting kids and younger adults with added attractions like NASCAR SpeedParks and DAYTONA USA so that NASCAR can first get this younger generation interested in the sport and then grow them into loyal fans (Lapi, 1998). Action Performance is also targeting young NASCAR fans by signing licensing deals and strategic alliances with companies like international toy maker Hasbro to get NASCAR-related toys into the mass retail marketplace (Action Performance Companies, 1997).

In other words, NASCAR offers the best total solution of excitement and quality family entertainment. It does not offer the best or lowest price, but instead appeals to family values and making each fan feel like a valued and intimate member of the NASCAR community. Especially by cultivating interest in stock car racing among younger population segments will NASCAR ensure its future success.

NASCAR and its marketing partners integrate their marketing efforts to constantly introduce new ideas, products, and services to create not just customers, but loyal, lifetime customers.
elements of market penetration (getting its products into mass retail outlets and using cross-promotion), market development (targeting the young fans and trying to cover all geographical areas of the country), product development (all of its new offerings and cross-licensing deals), and diversification (into areas like DAYTONA USA and the Internet). All in all, NASCAR is growing because of its appeal to the core segment of the country, its targeting of the same consumers that major companies target, and its position as a total quality entertainment package and experience.

IV. Opportunities for NASCAR

First of all, NASCAR's online site is already the fifth-most-visited sports Internet site. Survey respondents listed the Internet as their third-most-popular method for staying informed about NASCAR (Lapio, 1996). However, NASCAR has not integrated its NASCAR Online site to enter the world of web retailing. A website can sell as much merchandise as a stadium or mall store, except without the overhead. It can sell a larger selection of goods and be available to shoppers, or fans, 24 hours a day, 7 days per week. Consider these statistics (Goldfisher, 1998, page 25, and Hoyt, 1998, page 9):

- Online shopping for goods and services is expected to approach $4 billion in 1998.
- Retail sales (not just Internet) for sports-licensed products will total $22 billion in 1998.
- By the end of 1997, 62 million adults, or 30% of the U.S. population, was already online.
- The U.S. household computer penetration was 43% in 1998 and is expected to reach 60% by 2002.
- Shopping is the tenth-most-important reason that people surf the Web.
- Total U.S. Internet consumer goods revenue is projected to be $335 billion by 2002, versus just $8 billion in 1997.

(Note: Actual Internet sales may have exceeded $12 billion in 1998.)

Action Performance is once again in the forefront with its introduction of the “Speed Mall” scheduled to come online in February 1998, which it did successfully.

The next biggest opportunities for NASCAR are becoming available through the use of new technology. NASCAR already uses the latest in-car, garage, and pit-row cameras. In addition, fans can go to NASCAR Online while the race is in progress to get the latest race statistics and highlights. NASCAR is beginning to experiment with scanner cards that are similar to prepaid phone cards and allow fans to call in to listen in on teams' conversations. Other sports are starting to use frequent attendance cards that offer fans the opportunities to collect points to redeem for discounted or free tickets or merchandise. These cards can also be used to gather demographic and other quantitative information that would be useful to both NASCAR and its sponsors. A similar strategy would be the use of prepaid debit cards that can be used at the tracks. Debit cards could help speed up lines and possibly make fans spend a little more money to use up their debit limit before the weekend is over. Again, demographic and other market information could be gathered. NASCAR has been a leader in using technology to bring its fans closer to the sport, and it should now look at what other sports leagues are doing to enhance fans' experiences.

Another one of NASCAR's strongest growth opportunities is television because it is the one medium that reaches the greatest number of people and provides the greatest revenue potential, as the four major league sports have discovered. Although getting more costly, NASCAR programming is still relatively inexpensive for national sports programming, especially considering it is the one sport that seems to keep increasing its fan base year after year. It is a well-known fact in the entertainment world that sports is the hottest ticket in programming. Many tracks are now adding lighting so that races can be televised at night.

NASCAR also needs to control costs or increase revenues. Tracks could begin using “virtual signage.” This technological innovation allows a sponsor's logo to appear on television as if it is painted on the infield grass. However, the logo does not actually exist, other than on a fan's television screen. Learning from baseball's use of virtual signage, NASCAR tested this technology during the 1998 Brickyard 400 at Indianapolis. Virtual signage will enable a track to sell the same space multiple times, generating more revenue than permanent signage while offering sponsors less expensive packages. A 60 x 30' Coca-Cola sign painted on the infield grass at Lowe's Motor Speedway (CMS) would generate about $250,000 in revenue for a Winston Cup weekend. A larger space on the teams' garage roof would sell for about $450,000. Both would be visible during telecasts. CMS is studying the use of virtual signage for the 1999 season and believes it can divide the available space on its four-hour race telecast into 50 or 60 segments, each selling for about $50,000. Such revenue would be 10 times what CMS now gets from painted signs on the same areas (King, 1998b).

NASCAR could also begin to aggressively pursue community financial involvement in the development of new tracks. The big three Winston Cup track owners have already scratched the surface by showing how much a Winston Cup weekend helps the local economy. The Bud at the Glen is New York’s biggest sporting event and draws about 180,000 people to the upstate New York areas of Elmira, Corning, and Watkins Glen. International Speedway Corporation (the public arm of NASCAR) has been working to get local municipalities to help fund its planned track in
Kansas City by showing estimates that a Winston Cup race would contribute $280 million to the local economy in annual tourism revenue (Pessin, 1998).

Another major opportunity for revenue enhancement would be selling the rights to the tracks’ names. Naming rights to stadiums and other necessary assets in major league sports are already commonplace. A cousin strategy of the naming rights opportunity is to have corporations also help fund new tracks through the purchase of scoreboards, suite furniture, and other equipment, or actually help fund the construction (as is being tried with the Pittsburgh Steelers). Such increased track revenues could help control fans’ and teams’ expenses.

Sponsorship overall will continue to be a major opportunity to fuel the growth of NASCAR by giving the sport both local and national attention. Drivers and crew members are now media savvy and with young attractive superstar drivers like Jeff Gordon, women and children are no longer being put off by the rough image of the hillbilly stock car driver. A clean-cut, good-looking, well-spoken, God-fearing driver like Gordon is a sponsor’s dream (Blake, 1998).

NASCAR is also following the old adage, “If you can’t beat them, join them.” It has started to cross-promote with the major league sports via car sponsorships and

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sponsors, no one really had any hard facts on which to base their decisions to sponsor NASCAR, save for the demographics. Actual return on investment calculations are lacking. Sponsors hire firms like Joyce Julius Associates in Ann Arbor, Michigan, which taped the June 1996 Winston Cup race at Dover Downs. Joyce Julius estimated that Jeff Gordon’s 32 minutes of exposure was worth $1.9 million in commercial time. Compared to DuPont’s estimated $8 to $10 million sponsorship deal with the Hendrick team, the Dover exposure seems like a great deal, but most sponsors regularly discount such exposure value estimates by about 50% (Assael, 1998).

A final major opportunity exists in the expansion of the Winston Cup series. There has been talk of having two different Winston Cup leagues (as in baseball). However, as Mark Haglund of STP points out, how can such a series ensue without running into the same mess as created by the CART/IRL split? Which league would be the best drivers want to join? Would the leagues be regional and thus dilute the presence and funding of national sponsors? Would fans become confused and lose interest altogether (Lajo, 1998)?

A better expansion scenario seems to be in overseas markets, particularly in Europe where they already love cars and racing. Mark Haglund believes that NASCAR should take overseas expansion slowly and start with Canada and South America first (Lajo, 1998). The U.S. funny car circuit has shown the potential of the Hispanic market. The three Pedregon brothers are the only Hispanics on the funny car circuit, and they have attracted new fans to that sport. McDonald’s, Castrol, and other companies have created marketing budgets to address the Hispanic drag-racing fan (Gutierrez, 1998). NASCAR cannot ignore the fact that although CART may only have an average audience of 2 million in the United States, it has a worldwide audience of 59 million (Ingram, 1998).

To date, NASCAR has been concentrating on Japan and in 1998 ran its third Winston Cup exhibition race in Japan. Coca-Cola was the race sponsor for the 1998 exhibition race, which may also be the largest single-event integrated merchandising deal that NASCAR has ever brokered. Coca-Cola sponsored the cars of both Dale Earnhardt Jr. and Sr., who raced against each other for the first time at this race. The merchandise program was jointly run by Action Performance and Coca-Cola and is expected to generate approximately $40 million in sales, besting the $10 million record of Earnhardt’s Bass Pro cross-promotion in 1998. Prior to the Bass Pro cross-promotion, Earnhardt’s other one-race promotional deals generated $4 to $8 million in merchandise sales. The match of NASCAR superstar Dale Earnhardt with one of the greatest trademarks in the world, Coke, is not only creating huge cross-promotion and integrated merchandising potential, but it will also help ensure that NASCAR attracts whatever barriers may be left to entering the Japanese market (King, 1998b). Luckily, NASCAR understands the importance of worldwide growth and competition. As Steve O’Donnell said, “NASCAR has an eye towards world sports as it considers expanding overseas” (personal communication, August 5, 1998).

V. Conclusion

NASCAR is a unique organization. It is both a family business and a public company. It is a major sport, yet still perceived to be “off-Broadway” as compared to the stick-and-ball sports. It is an entertainment company, a retail company, a restaurant
company, and a media company, all businesses that are traditionally thought of as separate industries in themselves.

NASCAR’s 50-year history holds a wealth of valuable marketing lessons for other sports and consumer-oriented businesses. In this final section of this article, we will cover NASCAR’s marketing lessons of integrated, relationship, and differentiated marketing that can be used by other sports and consumer-oriented companies.

One of NASCAR’s greatest lessons lies in the way in which it insists on the integration of its marketing partners (tracks, teams, drivers, sponsors, and the media) in using the sport to promote not only their own interests, but those of NASCAR overall. Only in this way will everyone benefit. By integrating the marketing strategies and promotions of each of the partners’ interests, the total rewards are literally greater than just the sum of the parts. Although NASCAR does not own its marketing partners, it has learned how to work with them through “virtual integration.”

NASCAR emphasizes the use of cross-promotions and licensing to increase the investment potential for all of its partners. NASCAR has brought marketing integration to the level of having stick-and-ball sports competitors becoming NASCAR sponsors and team owners and having different sponsors run cross-promotions and marketing campaigns with each other as well as with NASCAR. NASCAR even continues integrated marketing off the track in retail outlets and entertainment attractions.

NASCAR’s integrated marketing efforts have made Winston Cup races “family destinations” and increasingly broaden the emotional impact of the sport. Many other sports are now beginning to learn from NASCAR and are developing their own integrated marketing strategies with sponsors and retail and entertainment complexes. Ultimately, NASCAR has integrated the excitement of its product with the marketing strategies of its sponsors, and this is one of NASCAR’s marketing benchmarks that other sports leagues and companies need to follow.

As big as it is, NASCAR is still perceived as a family business. The personal traits of the France family, fairness, honesty, and integrity, are evident throughout the sport. In this respect, NASCAR continues to improve on its well-tuned marketing model, which is dedicated to delivering unmatched value to the fans. NASCAR has learned that the future of the sport depends on its building a “customer intimacy” (Tracey & Wiersema, 1995) with the fans by offering a total quality entertainment experience. Customer value, shareholder value, and employee satisfaction all move in lockstep. Therefore, NASCAR offers its fans, “spread the word” and draw new fans into the sport.

One of NASCAR’s newest goals is to grow the next generation of fans into the sport. NASCAR television programs for kids as well as merchandise such as toys, cars, children’s clothing, and interactive games are gaining the attention of youngsters. In addition, the NASCAR theme restaurants and entertainment attractions bring the entire fan family together in enjoyment of the sport. With the growth of interest of the next generation, NASCAR is sustaining its own future. Unlike the major league stick-and-ball sports, NASCAR is ensuring that the three revenue sources of the sport (fans, broadcasting, and sponsorships) are all equally weighted in importance by NASCAR’s marketing partners.

**NASCAR not only offers the right products at the right time and in the right “integrated” packages, but it does so in a manner that brings fans into the NASCAR “family.”**

Other sports usually cover athletes for around 10 years. Yet, NASCAR’s competitors are followed by the media and fans for careers of up to 30 years, and not just on the track. The attitudes and accessibility of drivers make this possible. NASCAR’s fans follow the fortunes and troubles of drivers and crew members. In 1998, fans wept for the untimely death of driver Mark Martin’s entire family and prayed for the health of injured driver Steve Park. Fans eagerly follow the progress of the sons and daughters of Winston Cup drivers as this next generation carries on its family tradition in the sport of stock car racing.

Although other sports are also beginning to develop the next generation of fans by following many of NASCAR’s marketing leads, there is not the same feeling of “family” as there is with NASCAR. With other sports, everything is still centered on the almighty dollar as witnessed by the 1997–1998 NBA lockout.
This surely is not the way to build relationships with fans.

NASCAR offers something for everyone. The range of NASCAR merchandise is enormous and continually expanding. Fans can find something in every price range and can also find NASCAR “entertainment” in several places, whether at the track, on television, on the Internet, in the neighborhood mall, or at NASCAR-oriented theme parks. All of these products and places to obtain them offer the excitement of NASCAR for every budget, whether it be a $5 key chain or a $300 leather jacket, but however a NASCAR fan shows his or her support, it is the emotional impact of NASCAR’s integrated and relationship marketing that got the fan to the point of searching out the various NASCAR cross-promoted and licensed products.

NASCAR can be a benchmark for other industries in the way in which it works with its sponsors. NASCAR sponsorship packages are affordable and flexible and can be obtained for as little as $2,000 or as much as $10 million. NASCAR maintains an image consciousness so that sponsors can benefit from the fast-paced, exciting, yet family-oriented and clean image of stock car racing. NASCAR is a pioneer in educating both its marketing partners and especially its fans on the importance of sponsorship. As a result, NASCAR fan loyalty to sponsors is the highest of any sport. NASCAR Winston Cup racing will soon cover the entire United States and eventually expand overseas, expanding the demographic bases for sponsors. Corporations have also learned, with NASCAR’s urging, the importance of using NASCAR as part of an overall marketing package and not just as a means unto itself. In addition to product sales, NASCAR sponsors have learned the importance and opportunity of using NASCAR events for corporate entertainment and employee morale purposes. NASCAR has also done a good job of educating its sponsors to the importance of understanding that sponsorship needs to be a long-term investment, building exposure over time.

However, NASCAR’s growth has not been without its trials and tribulations. There are also lessons to be learned from NASCAR’s failings, and NASCAR can likewise learn a few lessons from the marketing strategies of its competitors.

First of all, NASCAR has done a great job using the tools of its techno-edge (such as in-car cameras) to market the sport. However, other sport leagues have gone even further by using such technology as frequent fan cards, hand-held order takers, computer screens on grandstand seats, and virtual signage. NASCAR is also rated as fifth in Internet sports sites visited, behind the other major league sports. NASCAR needs to expand its Internet offerings beyond just team statistics and driver point standings by adding interactive websites and virtual retailing.

NASCAR needs to continue to make one of its top priorities the running of night races on prime time television on the major networks. With the growth of media conglomerates that are buying other sports teams and entire leagues, it is extremely important that NASCAR continue to push track owners to install lighting for night races. NASCAR’s opening of an office on 5th Avenue in New York should be used as a stepping stone to build stronger relationships with the major television networks to develop prime-time racing. The impact of prime-time racing versus Sunday afternoon racing would be enormous on NASCAR’s popularity and would be the last hurdle in having NASCAR considered on the same level as MLB, the NFL, and the NBA. It would put NASCAR “on Broadway.”

Next, NASCAR needs to control the proliferation of sponsorships and merchandising. There is starting to be confusion and overlapping of sponsorships. For example, Coke is the official soft drink of NASCAR, yet many cars display Pepsi’s logo, and Jeff Gordon prominently drank a bottle of Pepsi in Victory Lane after he won the Coca-Cola 600! Such scenarios will make it harder to attract new sponsors. Another problem is the abundance of NASCAR-licensed products available. In just the die-cast area alone, there are constant new offerings of new paint schemes for many cars at almost every race. The result is that many fans have simply given up trying to buy all of the merchandise offerings.

Expense is a concern to fans, teams, and sponsors. Although NASCAR has differentiated offerings, it still remains largely insensitive to the costs of attending races or buying licensed products. Fans are complaining about the constantly rising prices of tickets and merchandise. Just 3 years ago Action Performance’s limited-run die-cast cars sold for $25. In 1999, the prices of these same limited edition cars range from $45 to $80. In 1999, reports are creeping out that many tracks will no longer allow fans to bring their own coolers with food and drinks to the tracks. This has already created a wave of strong complaints and disbelief as witnessed by letters to the editors of the many Winston Cup publications.

Rising costs have already become a concern for sponsors. As discussed, long-time primary team sponsor STP might reduce its presence to that of cosponsor in 1999 due to the increasing costs of sponsorship (Lapio, 1998). With corporate spending on sports sponsorship growing four times faster than spending on traditional advertising, NASCAR cannot price itself out of the market. NASCAR needs to work on developing return-on-investment measurements for sponsorships. At the end of the 1998 Winston Cup season, several historically significant teams were for sale because of the lack of sponsorship due to cost. Without more sponsors soon, NASCAR may have trouble filling the field. Although the top few multicar teams get richer, the rest are falling out of the hunt, reducing the competitive level and excitement of the sport. The cost of broadcast...
rights is also rising rapidly, just at the same time that NASCAR needs to be working more closely with the networks for prime-time coverage.

Another concern is the creation of corporate conglomerates that seem to be overtaking NASCAR, turning it into "corporately correct" racing. The growth of multicar teams is destroying the very fabric of NASCAR: competitiveness. Only 11 drivers, out of a total of four dozen teams, won the 33 races in 1998. Of these 11, only 3 were from single-car teams. Of the 165 top-five positions in 1998, 134 were held by drivers of multicar teams. Of the top drivers, Jeff Gordon, star driver of one of Hendrick Motorsports' teams, alone won 13 of the 33 races! NASCAR has recognized this threat and is studying possible solutions, such as the banning of test dates. Likewise, 63% of the 1998 Winston Cup races were run at tracks owned by International Speedway Corporation, Penske Motorsports, and Speedway Motorsports. Conglomerates are also emerging in the area of NASCAR merchandising. Action Performance continued its buying spree in 1998 with the purchase of Paul's Model Art, Minichamps, and other related die-cast and merchandising companies. Jebco Industries, a supplier of NASCAR apparel and souvenirs, was purchased by Fastlane Footware, a NASCAR licensee of shoes and socks. Although all of these developments may lead to economies of scale, they are more likely to lead to the control of NASCAR by a few very influential people. This problem could be worsened by the untimely death or sickness of Bill France Jr. In his absence, it is doubtful that the rest of the France family could continue to control NASCAR with such a strong hand.

NASCAR knows the areas where it needs to manage its future. It is taking steps to reduce the lopsided advantages of multicar teams. It understands that there is no end to the marketing opportunities that new technology will create (such as virtual signage and the latest in large-scale outdoor lighting). It knows that it will continue to be bombarded with all forms of competition, and instead of fighting with competitors, NASCAR is learning to work with them (through sports teams and league sponsorship deals and the running of other motor sports events at Winston Cup tracks).

Nevertheless, NASCAR Winston Cup racing is growing at such a tremendous rate that changes will be inevitable. The constant pressure from fans, sponsors, and track owners for more races is already causing some of the older and smaller tracks to be forced to close. However, road courses should first be removed from the schedule because they are better designed for other types of motor sports competition. NASCAR is continuing on its national expansion and has already announced that a new Winston Cup date will be added for 1999 (making the 1999 season 34 races) at the new Homestead Motorsports Complex in Miami, which is owned by both ISC and Penske. NASCAR will start running Winston Cup races in the Midwest market in 2000. However, this is yet another race that will be held at either an ISC, Penske, or Speedway Motorsports track (which also appears to be the future of NASCAR). NASCAR will then only need to move into the Northwestern market with a new track.

Then NASCAR will have to grapple with two more expansion issues: Will the constant pressure for more races create the need for another "league" of Winston Cup—level racing and what should NASCAR do about overseas expansion? First of all, there is agreement with Mark Haglund, president of STP, that the creation of another Winston Cup league would be disastrous for the sport in much the same way as the CART/IRL split has turned out. Where will the top drivers go? Will sponsors be lost if national exposure is lost? Will every race still count the same or will there now be "race-offs" and other events?

On the other hand, NASCAR needs to expand overseas. The NHL has opened a chain of retail stores in Japan that are thriving despite the state of the Japanese economy. The NBA has cut several new agreements with television networks in China, the Philippines, and Taiwan and has agreements pending in Japan and South Korea. The NBA television packages include not only games, but also weekly shows targeted at 12- to 24-year-olds and tailored to each market (Brockinton, 1998). In addition, in 1998, the NFL relaunched the World League of American Football as NFL Europe. In its first season as NFL Europe, the league realized a 300% increase in sponsorship revenue (Gotthelf, 1998). In addition, NASCAR should definitely start running exhibition races in Europe, particularly England and Italy, to test the waters in these car-enthusiast countries. NASCAR should set up a European series with European teams and drivers.

Broadcast rights for NASCAR events are starting to embark on a new era. All Speedway Motorsports television rights expire in 2000 (except Bristol, which expires in 2003). In 1997, these broadcast rights generated $18 million. However, it is estimated that the new contracts will result in annual broadcast rights of $70 million for Speedway Motorsports (Spanberg, 1998). Furthermore, the big-three track owners may start packaging rights to their tracks' races, with the draw of the larger tracks pushing up the fees for the smaller tracks in the mix. However it works out, broadcast fees will become a bigger piece of NASCAR's revenue, but not, it is hoped, to the point of disrupting the balance of sponsorship, fan, and broadcast revenue sources. Otherwise, NASCAR will fall into the same trap as major league sports and start ignoring the fans. In conclusion, by following the integrated, relationship, and differentiated marketing strategies of NASCAR, other sports leagues and consumer companies will also benefit from marketing partners working with each other (instead of in adversarial relationships), thus
increasing all of their revenues and profits. By becoming closely aligned with fans or customers and offering several differentiated mixes of products and services, other companies can also stand out as “one of a kind” and not “one of a group.” In reality, it all is really just common business sense. Marketing partners need to work with each other to supply the value that customers want.

As for NASCAR, it has a solid marketing foundation in place. It will have no choice but to grow both nationally and internationally. However, it must be ever mindful to maintain the characteristics of the founding France family. NASCAR has some serious challenges and opportunities ahead of it. It must be careful not to fall into the same trap as major league sports by catering to the whims of corporations and networks. Once the fan is forgotten, the foundation of the NASCAR empire will collapse. NASCAR knows this all too well and will struggle to maintain that delicate balance between satisfying fans, sponsors, and its marketing partners.

References


