

NASCAR SPONSORSHIP: PUTTING YOUR COMPANY IN THE DRIVER'S SEAT

BY JULIANNE CORBETT AND JOHN M LEKUSH

With a growing and diverse fan base, NASCAR has become a leader in sports marketing. Julianne Corbett and John Mlekush explore successful corporate sponsors, such as Valvoline, Pfizer and Sara Lee, that have found a NASCAR sponsorship has helped build connections with customers and raise awareness about a company, its products and its brand.

INTRODUCTION

Corporate America is increasingly including sports sponsorship in its integrated marketing communications (IMC) mix. The value of sponsorship marketing lies in a company's ability to gain exposure to a target audience in a manner consistent with the audience's values, attitudes and lifestyles. An integrated sports sponsorship can be a valuable marketing tool to provide a platform for communications, increase product trial and loyalty, and improve corporate and product brand awareness. A NASCAR sponsorship is uniquely positioned to complement a sponsor's marketing initiatives by creating a powerful connection with current and potential customers through NASCAR's global reach, thrilling and exciting entertainment, promotion of family cooperation, and respect and innate sense of belonging.

With a diverse fan base of 75 million people (60 percent male and 40 percent female), the sport is no longer attracting only its historically typical fans — middle-aged Southern men — but men and women of all ages, backgrounds and geographic locations. The sport has converted from a weekend recreation of Southern moonshine distillers in the 1940s to a lifestyle noted as "the favorite son of the sponsor community" (NASCAR, 2002).

THE GROWTH OF NASCAR

According to NASCAR's 2001 brand study, the sport has 75 million fans worldwide — 37 percent of the U.S. population. NASCAR fans are devoted to the sport and actively follow its progression through the long ten-month season. Studies show that NASCAR fans are predominantly middle-class and more affluent than the overall U.S. population (average annual household income is \$45,000). The historically Southern sport has outgrown its geographical stronghold in the South and Midwest and spawned across the nation collecting millions of fans, who until recently had never before watched a race on television. The enormous geographical expansion and growing popularity of the sport is evident in the recent

Figure A

Sponsors believe that NASCAR is on top:

"Their sport has a strong future"

NASCAR	NFL	PGA	MLB	NBA
95%	93%	84%	67%	49%

"They offer good value for the money"

NASCAR	PGA	MLB	NFL	NHL
62%	39%	32%	32%	29%

"They are responsive to us as a customer and understand our needs"

NASCAR	NFL	PGA	NHL	WNBA
96%	73%	73%	59%	47%

Source: 2000 Street & Smith's Sport Business Journal, Volume 3, Issue 31

construction of tracks in major metropolitan areas such as Kansas City, Dallas, Los Angeles, Miami and Chicago. This expansion is also evident in the increasingly diverse fan base. In order to increase minority involvement in the sport, NASCAR recently hired a manager of diversity affairs to oversee NASCAR's Diversity Council and its training and internship programs for racial and ethnic minorities.

This expanded reach and market penetration is also due to a \$2.8 billion television contract NASCAR signed in 2000 with NBC and Fox networks. The contract moved the sport into the mainstream and boosted television ratings in 2001 among people aged 18 to 24 — 38 percent among men and 67 percent among women. An additional 26 percent of NASCAR fans are between 35 to 44 years old. NASCAR, now watched in more than 65 countries, has become the only U.S. sport with steadily increasing television viewership.

BUILDING BRANDS AND MOVING PRODUCT

As corporate America's marketing machine inundates consumers with

images and a myriad of product choices, consumers alter their purchasing behavior not on the functional value of products, but on the emotional connections they have with the brand. NASCAR connects to its legions of fans through its intense competition, uniquely American atmosphere and strong sense of belonging. The sport's wholesome image resonates well with baby boomers, many of whom are parents. The noise, excitement and high intensity speaks to the boomers' wild tendencies and to their children. Fans feel that they are a part of the sport and relate to NASCAR drivers as approachable, regular people who are positive role models with values that reflect their own. According to a NASCAR.com poll, 33 percent of respondents stated that they would travel any distance to meet their favorite driver. This strong connection between fan and driver creates an unbreakable bond that manifests itself through product loyalty and unwavering dedication to the sport. Fans identify with a driver who fits their values and a brand that fits who they are as a person, according to Doug Grisaffe, vice president and chief research methodologist for Walker Information, an Indianapolis-based marketing research company. "With NASCAR, a self-defined 'race fan' reinforces and expresses that self-concept every time they purchase and use products and brands associated with NASCAR," said Grisaffe (O'Malley, 2002).

Quite simply, fans associate a sponsor's product with their favorite NASCAR driver and reward the sponsor accordingly — purchasing Budweiser over Miller Lite because Anheuser-Busch sponsors Dale Earnhardt, Jr. or shopping at The Home Depot over Lowe's Home Improvement Warehouse because The Home Depot sponsors Tony Stewart. The current \$30 million NASCAR advertising campaign, "How bad have you got it?" created by Young & Rubicam, Chicago, focuses on the loyal passion of NASCAR fans and the excitement that the sports creates. "We want to make an emotional connection with the fan base and celebrate their passion for the sport in humorous ways," said Steve Boguski, vice president of strategic marketing and licensing for NASCAR (Cassidy, 2002).

More so than in any other major U.S. sport, NASCAR fans understand that the sport depends on the financial and marketing investment from its sponsors. Consequently, fans reward these sponsors for their sup-

Table 1			
NASCAR Sponsorships	Investment	Description	Examples
Series Sponsorship	\$30 million	Exclusive naming rights to NASCAR series	R.J. Reynolds Tobacco Company "NASCAR Winston Cup Series"
Official Status	\$1.5 million	Use NASCAR logo on products and advertising	Conseco (Official Financial Services Provider)
Special Awards	Approximately \$250,000 per year	Company-sponsored cash award	Outback Steakhouse "Driver of the Race" Award
Online Sponsorship	\$120,000 per year for full-page ad	Advertising on NASCAR.com and premium sponsorship of multimedia, sweepstakes and fantasy games	eBay
Team Sponsorships	Investment	Description	Examples
Primary Sponsor	Upwards of \$18 million per year	Company logo on car, driver and crew uniforms, and transporter; customized paint schemes; show car program; advertising/promotions; corporate and at-track driver appearances; at-track marketing	DuPont
Associate Sponsor	\$125,000 - \$5 million per year	Company logo on car, driver and crew uniforms, and transporter; similar to primary sponsorship but less commitment by race team	U.S. Air Force

port of NASCAR with brand loyalty. According to the NASCAR brand study, 72 percent of NASCAR fans would almost always, or would frequently, choose a NASCAR-associated brand over other brands; 46 percent would purchase a NASCAR-associated brand costing as much as ten percent more over a less expensive brand that is not associated with NASCAR. These loyalty figures are nearly double that of fans of Major League Baseball or the National Basketball Association. Sponsors' products receive unparalleled loyalty, as well as high perceptions of quality by these devoted fans — 89 percent of NASCAR fans agree that when a NASCAR logo is associated with a company, that company's product is perceived as quality.

MARKETING A NASCAR SPONSORSHIP

Numerous companies have already begun to take advantage of the opportunities that NASCAR sponsorship represents. The sport is maxi-

mizing marketing outreach through expanded television coverage, a focus on new media such as Internet and satellite radio, and on-track marketing to connect directly with the consumer at each race. This is not to say that every company should invest in a NASCAR sponsorship. Only companies with the buying power and marketing awareness to reach this market should consider sponsorships as part of the marketing mix. Newer members of the NASCAR sponsorship movement, such as Newell Rubbermaid, AOL Time Warner, Sirius Satellite Radio and General Nutrition Companies, Inc., are joining with more traditional companies like Coors Brewing Company, Anheuser-Busch and The Valvoline Company. Today's sponsors represent a wide range of businesses from consumer and industrial products, business-to-business, and even the United States Air Force. All these companies are interested in enjoying the benefits of NASCAR's point of differentiation: the unique connection to its fans' passion for the excitement, drama and power of the sport, which in turn fosters unparalleled brand loyalty for corporate sponsors.

Companies can sponsor NASCAR in a myriad of ways. NASCAR has 12 divisions in which to participate: Winston Cup, NASCAR's highest level of racing; Busch Series Grand National Division; Craftsman Truck Series; Winston Racing Series, a grass-roots level of racing at smaller tracks; Winston West Series; Busch North Series; Busch All-Star Tour; Featherlite Southwest Tour; Reb-Co Northwest Tour; Featherlite Modified Tour; Slim Jim All Pro Series; and the Goody's Dash Series. For major corporate sponsorship, the Winston Cup Series and Busch Series have the greatest reach and largest fan base of all the NASCAR divisions.

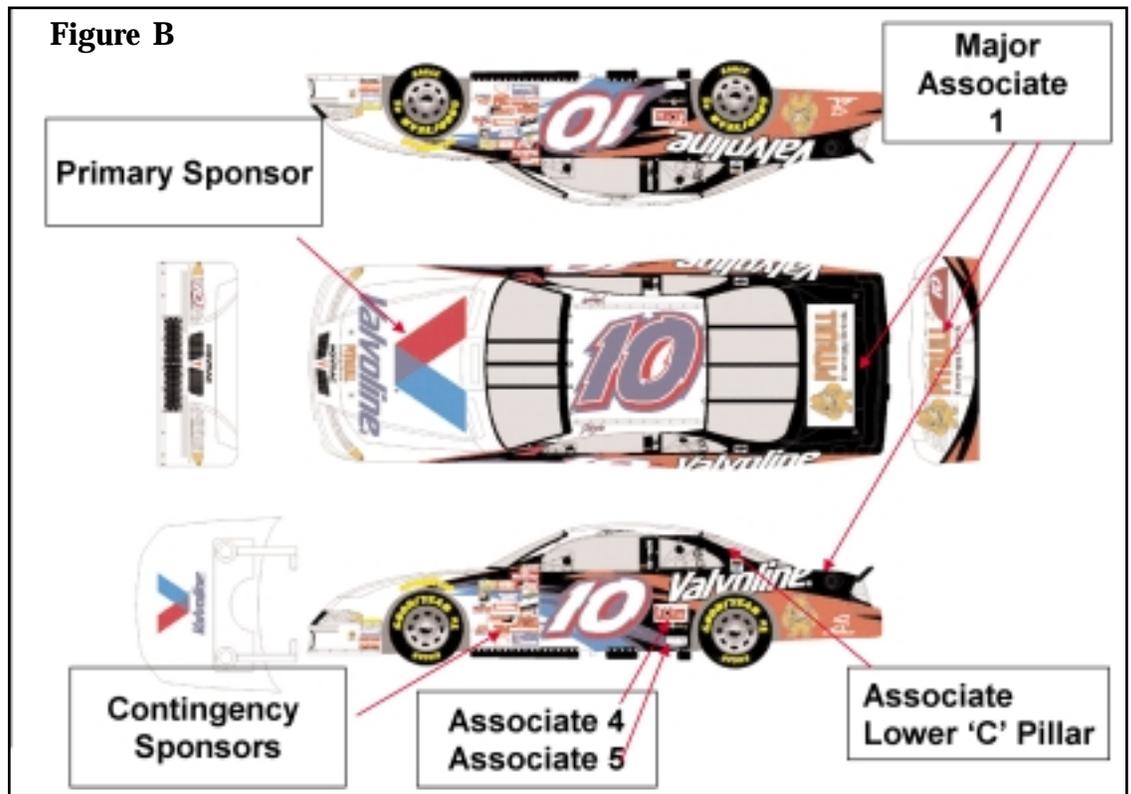
Companies use sponsorship to build a bond. A sponsor's main goal is to have its product linked with the excitement and pageantry of the sport. Once that link is forged, the marketing potential is seemingly endless. An investment in NASCAR can range from thousands of dollars a year to upwards of \$50 million depending on the level of commitment from the company.

There are several levels of sponsorship programs — with a team and directly with NASCAR — that a company can use to market its product. Please see Table 1 for an outline of the different

levels, the investment required and examples of companies that have chosen these levels of sponsorship.

Team sponsorship is the best way to obtain direct equity in the sport (Hagstrom, 1998). According to a NASCAR brand study from Edgar, Dunn & Company, a global strategy consulting firm, NASCAR team sponsors enjoy three main benefits: an unduplicated brand power, a high profile sports property and involvement in a sport where sponsors are cherished by millions of fans. With these types of sponsorships, companies can put their logo and name directly on the car and team uniforms. With the exception of the roof and doors, which are reserved for the team number, stock cars are covered with the logos of the sponsoring companies. However, despite the size of the company's decal sticker on the car, most die-hard fans will know their favorite driver's sponsor and associate sponsor and will purchase those brands. Despite the numerous decal stickers, primary sponsors and associate sponsors can make the company brand more prominent through officially licensed merchandise.

Team sponsorship can take the form of a primary or associate sponsorship. The primary sponsor has the largest logo on the hood and sides, as well as the direct benefit of the fan identifying the driver with the corporate brand, such as "The Home Depot #20 car." Associate sponsors have smaller decals with specified locations and costs determined by the team owner. Areas for company decals may include Major Associate 1 (lower hood and rear panel), Major Associate 2 (deck lid and behind the



rear tire), Associate 2 (behind rear tire close to bumper), Associate 3 (in front of rear tire), Associate 4 (located on the 'C' post) and Associate 5 (lower 'C' post). (See Figure B for details.) Each decal position on the car can range from \$125,000 to \$5 million depending on the team in which the company chooses to invest.

THE DECISION TO SPONSOR

Companies that decide to sponsor must integrate their investment with their main business objective. Sponsors can leverage their investment through media outreach, public relations, at-track VIPs and hospitality, business-to-business applications, cross-promotions, and new product development. Primary and associate sponsors use the driver for special appearances to bolster product promotions. This, in turn, can improve employee morale at corporate events away from the track and extend brand exposure of the product line. These benefits further reinforce the company's direct link to the driver and increase product loyalty. Companies also feature the car and driver in trade and consumer advertising, promotions, contests, and public relations to enhance their marketing communications efforts and to integrate their sponsorship into the marketing mix. Drivers and team owners will endorse the company product in print and audio/video commercials, giving the company the ability to transfer NASCAR brand equity to its product. These marketing tactics are critical to the success of a company's integrated sponsorship efforts.

Business-to-business cross-promotion capability provides another important benefit of sponsorship — two companies that sponsor the same team can build internal relationships by exchanging product and sharing hospitality venues and driver appearances.

THE VALVOLINE COMPANY

Despite its contractual agreement with — and financial commitment to — a specific team, the primary sponsor does not have sole control over the driver appearances and marketing devices. This lack of control can often pose problems for companies that desire complete autonomy. Valvoline, a subsidiary of Ashland Inc. and a leading manufacturer of oil products, experienced this problem as the primary sponsor for Mark Martin's #6 car from 1995 to 2000. The race team, Roush Racing, and its driver routinely disregarded Valvoline, the primary team sponsor, when marketing needs arose. Valvoline also had growing concerns over where funds were allocated and whether the investment was working for the company. These conflicts made it extremely difficult for the company to justify its investment.

Valvoline re-evaluated why it chose to be a sponsor of NASCAR Winston Cup. Its conclusion: The company wanted more involvement and a direct connection to its consumers and clients, as well as control of their own destiny. Valvoline then made the ultimate com-

mitment by becoming the first consumer products company and primary sponsor to own a team. Valvoline invested in co-ownership with MB2 Motorsports, a Charlotte, NC-based NASCAR Winston Cup team, acquiring the #10 car and driver, Johnny Benson, and partnering with the #36 car, sponsored by M&Ms, and driven by NASCAR veteran Ken Schrader. Under this new term of agreement, Valvoline has the desired increased control and stake in the team management and business. "Valvoline has a direct say in who drives the car and what other sponsors' names appear on the car. The company also has more flexibility to change the car's paint scheme and to promote its other products," said James Rocco, senior vice president of operations at Valvoline (Jenkins, 2001). Although Valvoline must now pay for items such as team salaries, uniforms and, most importantly, the car, the benefits outweigh the drawbacks. "It was a decision that was right for us ... it's not right for everyone, but it was for us," said Rocco. Mikel Hartman, Valvoline sports marketing director, claimed that "this direct line to the team and the driver benefits our customer base [franchisees and distributors] ... it has opened doors for us in other parts of the company because we have use of the driver and team in marketing and promotion" (Hartman, 2002).

Since a NASCAR sponsorship requires the integration of marketing and public relations strategies and tactics, sponsors must understand that the act of sponsorship alone does not accrue value. The true value of a NASCAR sponsorship comes from the ability of these sponsors to successfully leverage their marketing resources as well. Valvoline orchestrates every level of marketing for its products. The company's employee relations have improved due to the sense of unity created over the building of team ownership and sponsorship. As a result, the consumer experiences that benefit directly.

Valvoline has found that as the costs of ownership and sponsorship

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increase, so does the promotional funding to support the sponsorship. Lisa Ukman, president and founder of IEG, Inc., a Chicago-based sponsorship research and analysis company, says there is no magic formula for determining the promotional costs associated with a sponsorship, but she recommends that sponsors spend \$3-to-\$1 on leveraging a sponsorship (Ukman, 2001).

HILLS BROS. COFFEE

Integration comes when companies utilize their sponsorship to further business goals and objectives. Hills Bros. Coffee, a division of Sara Lee Coffee & Tea, took a once failing NASCAR sponsorship program and developed a flourishing relationship with consumers. In 2002, Hills Bros. decided to re-invest more money into the sport through primary sponsorship of the Bill Davis #23 Racing Team and sought greater leverage of its sponsorship in the marketplace (Yormack, 2002). NASCAR Vice President of Corporate Marketing, Brett Yormark, says that the most successful sponsorship comes by integrating and insulating a sponsor through activation. Hills Bros. insulated its investment by developing an on-pack promotion featuring the race team, sponsoring the annual Winston Cup Series race in Chicago (Hills Bros. 300), investing in a series sponsorship of the NASCAR All-Pro Series (now known as the Hills Bros. All-Pro Series) and utilizing at-track hospitality to build and reward business relationships in key race markets. Hills Bros. spread its sponsorship across multiple channels in order to maximize consumer outreach. The company attributes its increased distribution in the Southeast, increased brand awareness nationwide and maintained market share in the Midwest to its NASCAR sponsorship.

PFIZER

In an effort to battle higher brand competition, increasing generic drug use and health regulations, Pfizer became the first pharmaceutical company to sponsor a NASCAR Winston Cup Series team with its Viagra drug in 2000 (*For more information on marketing Viagra, please see "The Emerging Role of Integrated Marketing in the Pharmaceutical Industry" in this issue*). In order to move beyond print and television advertising, Pfizer sought a NASCAR team sponsorship in order to maximize the company's return on investment in Viagra, which has a 17-year maximum patent recoverability before Viagra goes generic. Pfizer's NASCAR sponsorship allows the company to target current male customers and generations of young men who may need the drug in the future, drive brand awareness, and associate the brand with the young and dynamic atmosphere that NASCAR racing connotes.

The company's annual NASCAR investment for the Viagra brand is estimated at \$25 million in rights and media fees — a small portion of the company's estimated \$500 million overall marketing budget (Poole, 2002). According to Performance Research, a marketing research company specializing in sport sponsorships, Viagra received five percent unaided sponsorship awareness in 2000. Pfizer uses its sponsorship not only to tout Viagra, but also as a platform to promote men's health issues through its mobile marketing program, "Tune Up for Life." At each Winston Cup race, Pfizer offers free health screenings for high blood pressure, diabetes and cholesterol in the "Tune Up for Life" tractor trailer.

The promotion of Pfizer products and the opportunity for men to speak discretely with doctors regarding erectile dysfunction and other

sensitive health issues are key elements of the mobile marketing program. Pfizer has found that many men avoid going to the doctor regularly. However, if these men are screened at the Pfizer racetrack site, they may go to the doctor and inquire about a prescription for a Pfizer product. In the one year since the inception of the program in 2001, Pfizer has administered more than 50,000 health screenings.

At first glance, it may seem odd that a pharmaceutical giant such as Pfizer would spend millions of dollars to support a NASCAR program. Fans expect companies with products more closely associated with racing, such as Valvoline and Anheuser-Bush, to be active sponsors of the sport. However, the strength behind the sponsorship lies more in how the company leverages it to support its marketing communications functions, than who the sponsor is.

MEASUREMENT OF IMPACT

Since a NASCAR sponsorship is often considered a qualitative medium, metrics are often difficult to obtain. In order to quantify sponsorship, a company must have a sponsorship blueprint for the investment. Specifically, a company must ask itself why it should get involved. Aside from the ultimate goal of profit, each company must outline its own goals for its sponsorship. (Please see Table 2.) The blueprint should be the working document from which all sponsorship opportunities are based. The

Table 2	
OBJECTIVE	MEASUREMENT TOOL
SALES ACTIVITIES	
On-Site Sales	Actual Sales
Mailing List Creation	Cards Filled Out/Catalogs Requested
Sampling	Samples Given Out
Couponing	Coupons Redeemed
Display/Demonstration	Event Attendance Figures
Entertain Clients	Future Orders
PROMOTION ACTIVITIES	
Promotional Tie-Ins	Sales/Orders
Product Usage	Sales
Contest Tie-In	Number of Responses
PUBLIC RELATIONS ACTIVITIES	
PR	Quality/Quantity of Media Coverage
ADVERTISING ACTIVITIES	
Corporate ID	Times Logo Shown on Television
Awareness	Pre and Post-Event Surveys
Image	Pre and Post-Event Surveys
Target Marketing	Sales
Athlete/Celebrity Tie-In	Recognition/Likeability Surveys

company's position in the marketplace, experience with sponsorship, internal dynamics and individual circumstances must all support the company's blueprint. If it meets this requirement, the company will then be armed with a plan that looks toward the future and provides a tangible framework for investment decisions.

By outlining their business goals, companies can help manage the task of measurement. For example, sponsorship activities can likely increase sales prospects from entertainment or increase orders from clients who attended the race. Using a before and after measurement scale enables companies to quantify and validate their investment.

However, there are additional measurement tools that can determine communication effectiveness.

By using pre- and post-event surveys, companies can quantify audience brand awareness. In NASCAR, a strong performing racing team builds the connection between the fans and the sponsor. Often, if the company's team does not rank in the top ten, television coverage and fan support is drastically affected.

Companies can also measure their efforts by monitoring media impressions. Joyce Julius & Associates, a marketing research firm, analyzes and quantifies impressions and equates them to the equivalent amount of advertising time required for the same airtime. Joyce Julius then reports the amount of money saved. However, this tool does not measure the target audience's emotion. Therefore, capturing the emotional value of a sponsorship at the point of purchase is next to impossible.

CONCLUSION

NASCAR performs for its sponsors like no other sport. It builds a bond between the fan and the sponsor. NASCAR fans know that buying a sponsor's products will support their favorite team, driver and sport. Through brand exposure, customized paint schemes, licensing opportunities, driver endorsements, at-track marketing and multimedia opportunities, corporations have benefited from the tremendous advantages that come with a NASCAR sponsorship. Successful sponsors integrate their sponsorships into their respective company's marketing efforts and, in doing so, improve employee morale, create unique marketing-communications opportunities and capture the passion and purchase power of the sport's loyal fans.

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