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NASCAR:

Leading a Marketing Transformation in a Time of Crisis

In February 2011, the top thirty leaders of NASCAR (the National Association for Stock Car Auto Racing) gathered in the boardroom atop company headquarters in Daytona Beach, Florida. Below them, cars whirled around the Daytona International Speedway practicing for the Daytona 500, a race that celebrated the beginning of NASCAR's season. In the boardroom, however, the tone was grave. A team of outside research companies had been hired to provide a candid assessment on the state of NASCAR, and every executive in the room recognized that the sport faced major problems.

At the head of the table were Brian France, grandson of NASCAR's founder and the current chairman and CEO, and NASCAR's president, Mike Helton. As the presentation unfolded, it validated what Brian had been feeling in his gut for years. Amid the economic downturn of the late 2000s, frugal fans forewent the luxury of three-day NASCAR vacations and corporations slashed their marketing budgets, causing the departure of some of NASCAR's major sponsors,[1] including Tylenol, Nicorette, Jack Daniels, and Jim Beam.[2] Attendance at races peaked in 2005 with an average of 130,000 fans per race[3] but had declined by 22 percent between 2005 and 2010.[4] Similarly, television viewership had declined by 30 percent between 2005 and 2010 (see **Exhibits 1** and **2**).[5]

Witnessing these symptoms, Brian commissioned research in late 2009, despite the convictions of family members and others within NASCAR who believed that the trends were a result of the economic downturn and that he should not tinker with the business model that had brought decades of growth.[6] Brian disagreed. He sensed the sport needed fundamental changes and intended to take action.

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[1] Kurt Badenhausen, "A Winning Danica Patrick Is Nascar's Biggest Hope To Restart Growth," *Forbes*, September 4, 2013.

[2] Rich Thomaselli, "What Does Jack Daniel's and Jim Beam Exit Say About Nascar?" *Advertising Age*, September 24, 2009, and "2010 NASCAR News, Rules Changes, and Information," http://www.jayski.com/teams/nastuff2010.htm (accessed October 3, 2014).

[3] Badenhausen, "A Winning Danica Patrick."

[4] "NASCAR Racing Statistics," http://www.statisticbrain.com/nascar-racing-statistics (accessed November 2, 2013).

[5] Tripp Mickle and John Ourand, "NASCAR Pleased with Viewership Consistency," *SportsBusiness Journal*, November 25, 2013.

[6] Steve Phelps and Eric Nyquist, in interview with the authors, September 13, 2013.

NASCAR

NASCAR was founded in 1947 by "Big Bill" France, conceived as a racing series for stock cars[7] in the United States. A series was comparable to a league—"a group of teams or individuals who compete in a set number of events and follow rules established by a sanctioning body."[8] Whereas leagues typically had a finite number of teams (determined by the league) that represented the cities in which they were based, NASCAR as the sanctioning body dictated the rules of professional stock car racing, and any team who had the skill and resources to compete could enter races.[9]

The term NASCAR referred both to the sanctioning body and to the whole sport of stock car racing. NASCAR grew to become a multi-billion-dollar industry and the second largest spectator sport in the United States. Its races were broadcast in over 150 countries, and it had more Fortune 500 corporate sponsors than any other U.S. sport.[10] In 2010, the sanctioning body alone was estimated to have generated over $56 million[11] in revenues from television rights plus hundreds of millions of dollars from sponsorship, licensing, and sanctioning fees. It owned three national racing series: the Sprint Cup Series (the premier series for stock car racing), the Nationwide Series (the minor league), and the Camping World Truck Series (a series for modified pickup trucks).[12]

Corporate Culture

NASCAR was privately held by the France family and was historically known for having a closed culture. "We had a very non-interventionalist approach where we would just lay down the framework . . . and other than issues in which we'd intervene for the safety of drivers, [when it came to business models of the tracks and race teams] we stayed out of your backyards and you stayed out of ours," described Eric Nyquist, NASCAR's vice president of strategic development.[13] This culture occasionally caused tension within the sport, as it teetered on the brink of being non-collaborative.

An example of poor collaboration that many in the industry pointed to was the 2007 development of the Car of Tomorrow, intended to improve the safety and performance of NASCAR race cars. As the sanctioning body, NASCAR determined the standards for the cars that teams could drive. "We didn't do as well as we should have in collaborating with the industry, so we got a lot of negative backlash," explained Brian. "Drivers didn't like the Car of Tomorrow, and it didn't deliver the type of tight racing that is NASCAR's hallmark. While this was a success from a safety standpoint, it didn't help [the racing]. It also didn't help that we took

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[7] Stock cars originally referred to automobiles that had not been modified from their original factory configurations. By 2011, they referred to production-based automobiles to be used in racing, built to a strict set of regulations.

[8] William Harris, "How NASCAR Works," http://auto.howstuffworks.com/auto-racing/nascar/nascar-basics/nascar-racing.htm (accessed September 13, 2013).

[9] Josh Briggs, "How the NASCAR Schedule Works," http://auto.howstuffworks.com/auto-racing/nascar/jobs/nascar-schedule1.htm (accessed September 26, 2013).

[10] Harris, "How NASCAR Works."

[11] Estimated using the value of the sanctioning body's cut of the television rights deal.

[12] Less known are NASCAR's touring weekly series—K&N Pro Series East, K&N Pro Series West, and the Whelen Modified Tour—as well as the Canadian Tire Series, Mexico Toyota Series, and Grand-Am Road Racing Series.

[13] Eric Nyquist, in interview with the authors, September 13, 2013.

away the resemblance to the vehicles of the OEMs [original equipment manufacturers]. Fans didn't like that."[14] Nearly everyone in the NASCAR ecosystem—teams, drivers, fans, sponsors, OEMs—was unhappy with the new car.

Steve Phelps, NASCAR's chief marketing officer, recalled, "I'll never forget sitting at home in my living room and watching Kyle Busch, after he had won the first race, tell fans on national television that he hated driving the Car of Tomorrow and that it 'sucked.'"[15] (See video.[16]) Although collaboration had always been important to NASCAR when it came to sponsorship and event management, it had not been effective in the development of the new car.

NASCAR's Core Disciplines

COMPETITION

The sanctioning body had a proven track record in governing races. Inspecting vehicles prior to each race to ensure that they adhered to specifications, officiating calls during races, creating policies to enhance driver safety, advancing rules and scoring conventions to ensure that the sport stayed fair, inclusive, and exciting all were among its expertise. As compensation, NASCAR was paid an average of approximately $1–2 million per race in sanctioning fees from race tracks.

SELLING INTELLECTUAL PROPERTY

The revenue cornerstones of the sanctioning body and the sport were corporate sponsorships and media rights (television broadcast and digital rights). In 2011, NASCAR was in the middle of its contracts for the term 2007–2014, in which ESPN, TNT (part of Turner Broadcasting System), and Fox Sports paid a reported total of $4.5 billion to broadcast NASCAR races live. Revenues from media rights deals were shared among the different stakeholders that comprised the sport using a 65/25/10 revenue split: NASCAR distributed 65 percent of television revenues to the race tracks around the United States that hosted NASCAR races; 25 percent of revenues was distributed to the competing teams; and 10 percent was retained by the sanctioning body.[17] Finally, the sanctioning body earned revenues from licensing the NASCAR brand to companies desiring to sell NASCAR-branded merchandise, a multi-billion-dollar business.[18]

PUBLICIZING RACES

Historically, NASCAR relied on traditional media outlets (e.g., local newspapers) to cover its sport. "We'd have a [tough] time trying to get that coverage because they were acclimated to covering a home team and to covering certain kinds of events," said Nyquist.[19] In the early 2000s, NASCAR collected feedback from media outlets and learned that the sport was difficult to cover. "Our group decided to try to make this sport as easy as possible to cover," explained Phelps. "That involved changing the way the media centers at the tracks were put together and educating

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[14] Brian France, in interview with the authors, November 20, 2013.

[15] Steve Phelps, in interview with the authors, September 13, 2013.

[16] See the video of Kyle Busch's comments at https://vimeo.com/109054127. The password is **lep!car**.

[17] Tripp Mickle, "NASCAR Won't Revisit TV Split After New Deal," *SportsBusiness Journal*, July 29, 2013.

[18] Harris, "How NASCAR Works."

[19] Eric Nyquist, in interview with the authors, September 13, 2013.

the media on how to cover our sport. That's where the focus and the resources went for the next eight years."[20] Toward the end of the decade, as the media landscape drastically changed and droves of newspapers went out of business, NASCAR realized it needed to reassess its capabilities to thrive in the new digital landscape.

NASCAR's Communications Audit

As Brian explained:

> *The digital age was upon us, so I was wrestling with questions like, "Are our young fans going to consume us differently? Are attention spans really shortening, and are these new devices really going to be what drives content? If so, how does our industry understand all these things? Were we set up for social media?" Everywhere I looked, we were doing things very traditionally, which had worked for a long time but wasn't working [anymore]. Then, the economy fell out. There were lingering high fuel prices—which really have an effect on us because our fans drive far distances to get to our events—and car companies were starting to have big problems. All this accelerated the things we needed to reform.*[21]

In early 2010, NASCAR engaged Taylor, a marketing and communications strategy consulting firm, to conduct an audit of the sanctioning body's twenty-six-person communications team as well as the communications capabilities throughout the sport. "Brett Jewkes, a principal at Taylor at the time, pushed us to be transparent and inclusive," remembered Nyquist.[22] Jewkes recalled that when he began the audit an insider at NASCAR told him, "You thought that this was just a communications review, but you'll find that it goes much deeper."[23]

As part of the audit, Taylor and two agencies interviewed nearly 300 people, including track presidents, corporate sponsors, race team executives, television executives, and PR professionals throughout the sport. "What was interesting," explained Jewkes, "was that you had a business that boldly asserted it relied on communications, but outside of publicizing races there was no identifiable [industry-wide] strategy for business communications [e.g., how to handle an off-track scandal]."[24] Phelps elaborated, "What was clear was that *before* [the audit], stakeholders throughout the ecosystem didn't know the direction in which we were taking the sport. What were we trying to achieve? Who were we targeting? It was all unclear to them."[25]

Further, Jewkes pointed out, "[The sanctioning body] was locked into 'counting things' to measure success, but this wasn't being done smartly. For example, media hits were an important metric for tracking success, but a blogger's casual post and an article in *Fortune* each counted as one hit."[26]

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[20] Steve Phelps, in interview with the authors, September 13, 2013.
[21] Brian France, in interview with the authors, November 20, 2013.
[22] Eric Nyquist, in interview with the authors, September 13, 2013.
[23] Brett Jewkes, in interview with the authors, November 18, 2013.
[24] Ibid.
[25] Steve Phelps, in interview with the authors, September 13, 2013.
[26] Brett Jewkes, in interview with the authors, November 18, 2013.

The communications audit also revealed that NASCAR suffered a lack of integration internally, had a defensive approach to crisis management, did not have a clear fan engagement strategy, and was behind the curve on digital and social media. NASCAR's initial reaction was to bring additional talent to the organization's communications group. Jewkes joined NASCAR as its first chief communications officer, creating what became a new forty-person communications team.

A Complex Ecosystem

NASCAR had an unusual ownership ecosystem. "Unlike the stick and ball leagues, we're not collectively organized," explained Nyquist, who had previously worked for the National Football League (NFL). "We have independent tracks, teams, and drivers."[27] That consortium of independent entities experienced double-digit growth annually in the 1990s and early 2000s. During that period, there was a sense of competition between the various business models that shared revenues within the ecosystem. The sport's structure and the sanctioning body's perceived closed culture made catalyzing changes across the ecosystem challenging, particularly as it pertained to appealing to the unique priorities of each stakeholder.

Tracks

Two publicly traded companies—International Speedway Corporation (ISC) and Speedway Motorsports Inc. (SMI)—dominated NASCAR-sanctioned events. Of NASCAR's thirty-six Sprint Cup Series races, approximately 50 percent were held at ISC tracks, 36 percent at SMI tracks, and 14 percent at independent tracks. (See **Exhibit 3** for examples of track revenues.) The France family had a 39 percent ownership stake in ISC and owned the majority of voting stock in the corporation, and Brian's sister, Lesa France, was its CEO. The Smith family, another prominent family in the sport, owned a majority stake in SMI.

In addition to their portion of tracks' 65 percent cut of NASCAR's television rights deals, track owners' revenue streams included 100 percent of the proceeds from sponsorships of the tracks themselves and event revenues from race days. Tracks' share of the overall revenues of the sport differed from that of the venues of other major sports, such as the NFL, Major League Baseball (MLB), National Basketball Association (NBA), and National Hockey League (NHL), in which owners and players captured nearly all of their industry's revenue, and venues garnered little.[28] "We have to make the best with what we have," explained Marcus Smith, SMI's president. "To change the [revenue] model that's been successful for so long is not really a way to solve a problem. It's just robbing Peter to pay Paul."[29]

[27] Eric Nyquist, in interview with the authors, September 13, 2013.

[28] WR Hambrecht + Co, "The U.S. Professional Sports Market & Franchise Value Report, 2012," *The Atlantic*, and CNBC.com, as cited in Taylor research.

[29] Mickle, "NASCAR Won't Revisit TV Split After New Deal."

Race Teams

Race teams were small and large privately owned companies (e.g., Hendrick Motorsports). Teams generally comprised one to four drivers, a team owner, a team manager, a crew chief, and supporting roles (e.g., pit crew).[30] Teams were focused on R&D. "[Owners] don't want to spend money on anything that doesn't make the car go faster," said one team executive.[31]

As the costs of operating a race team had risen and the number of full-season sponsors had decreased in recent years, teams wanted their 25 percent cut of television rights revenues to increase, pointing to the fact that this share was smaller than the share of league television revenues received by sports teams in any other professional sport.[32] Beyond race teams' 25 percent cut—of which individual teams earned their respective portions through the race purse[33]—teams were dependent on corporate sponsorship. Sponsorship money accounted for 60 to 75 percent of teams' budgets.[34]

DRIVERS

Drivers were the face of race teams. The sport generated icons such as Richard Petty in the 1980s, Dale Earnhardt in the 1990s, and Jeff Gordon in the 2000s. In addition to team sponsors, drivers could have personal sponsors. "Part of NASCAR's immense growth was fueled by what the sponsors were doing with the drivers," said Phelps. "They were spending significant sums of money pushing our drivers out there."[35] Sponsors sometimes chose to move with drivers, as drivers were hired away from one team to another.

Being a successful NASCAR driver required a high level of stamina. NASCAR had the longest season of any major sport, lasting ten months. Throughout the season, drivers spent their Sundays in four-hour races steering 3,400-pound cars that sped up to 200 miles per hour and reached cabin temperatures of up to 120°F. When they weren't competing, they fulfilled commitments to their sponsors (e.g., filming commercials). As the faces of the sport, drivers were key influencers. "Drivers have a huge impact on how fans believe things are going in the sport, what they like about the sport, and what they don't like about the sport," explained Phelps.[36]

Other Partners

Other key partners in NASCAR's ecosystem were media networks (primarily television but also radio) and corporate marketers. With the advent of products like TiVo digital video

[30] Harris, "How NASCAR Works."

[31] Quotations from interviews conducted by Taylor.

[32] Mickle, "NASCAR Won't Revisit TV Split After New Deal."

[33] Race purse referred to the prize money available for winning at each NASCAR race. It comprised funds from the TV rights deal as well as additional bonus funds from sponsors. There was typically more than $4 million to be won at each NASCAR race. Drivers and their teams could win portions of the race purse by winning the race or by winning bonuses from sponsors for predetermined actions—for example, having the best lap time, leading a lap, or executing the race's best strategic move. Jamie Page Deaton, "How NASCAR Prize Money Works," http://auto.howstuffworks.com/auto-racing/nascar/nascar-basics/nascar-prize-money.htm (accessed November 6, 2013).

[34] Kurt Badenhausen, "Hendrick Motorsports Tops List of Nascar's Most Valuable Teams," *Forbes*, March 13, 2013; Mickle, "NASCAR Won't Revisit TV Split After New Deal."

[35] Steve Phelps, in interview with the authors, September 13, 2013.

[36] Ibid.

recorders—which allowed viewers to record broadcast television and fast-forward through commercials—events that consumers preferred to watch live, like NASCAR, were becoming increasingly valuable. Likewise, said the founder of a leading motorsports marketing agency, "Television is arguably the most critical piece of NASCAR because TV is where it gets its reach."[37]

That reach was highly appealing to corporate marketers, who bought premium ad space during live broadcasts. Not only was NASCAR's viewership large, it was loyal to the sport and the brands that supported it. Research conducted by Performance Research found that 71 percent of the NASCAR audience reported they "frequently" or "almost always" chose a product associated with NASCAR over products that were not. A Performance Research study reported that "NASCAR fans provide one of the highest levels of brand loyalty and sponsorship support of any one of the hundred or so sports and special events we've tested."[38]

Corporations sponsored NASCAR at all levels of the sport—from drivers and cars to tracks and series. Title sponsors paid millions of dollars per year to be in the title of one of NASCAR's races or series (e.g., the Nationwide Series, sponsored by Nationwide Insurance). Primary sponsors paid from $10–28 million per season to appear prominently on race cars and drivers' uniforms, while associate sponsors paid $2–5 million per season for less premium placements of their logos on cars and uniforms (see **Exhibit 4**). Finally, official sponsors (e.g., Bank of America as the official bank of NASCAR) paid for the right to advertise their category within the parameters set by NASCAR.[39] This sometimes resulted in competing configurations of brands. For example, in 2008 Coca Cola was the official soft drink of all ISC tracks, despite the fact that ISC's Auto Club Speedway hosted NASCAR's Pepsi Max 400 race.

Project EVOLVE

In summer 2010, Brian further engaged Taylor to lead a team of research companies in conducting what became one of the largest marketing initiatives undertaken by a U.S. sport, Project EVOLVE (**Exhibit 5**).

EVOLVE took a deeper look into the insights generated from the communications audit, with four strategic research focuses: (1) NASCAR's core equity with fans and how it compared with that of other sports, (2) the broader sports industry's digital and social communications capabilities and how it compared to NASCAR's, (3) the level of star power of NASCAR's drivers, and (4) fans' live experience on race days. It involved numerous methodologies—ethnographic fieldwork at races, focus groups (see video[40]), expert roundtables, and strategic trend forecasting. Many of Brian's advisors were uneasy about making a large investment in research during a recession, but he and Helton felt it could not wait. Brian explained:

> *Before the mid-2000s—and this would be true for any industry—the value creators had all the say in a company's future, while the cost cutters were managing the money,*

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[37] Badenhausen, "Hendrick Motorsports Tops List of Nascar's Most Valuable Teams."

[38] Performance Research, "Study: Loyal NASCAR Fans Please Stand Up," http://www.performanceresearch.com/nascar-racestat.htm (accessed September 13, 2013).

[39] Harris, "How NASCAR Works"; Brett Jewkes, in interview with the authors, April 11, 2014.

[40] See the focus group videos at https://vimeo.com/109054128. The password is **stra?sno**.

paying taxes, and keeping things in the lane. As soon as 2008 hit, the cost cutters suddenly had a bigger seat at the table. That's one of the hardest things to deal with internally. It isn't just about prioritizing resources anymore; it's about getting them deployed in the first place . . . when you have falling metrics and things are tough, your commercial partners are going to put a lot of pressure on you. If you can't say that you have a credible plan—and a plan that they can join into—they're not going to join you at all. They have to believe that you're investing in [fundamental things] as an industry.[41]

Christian Alfonsi, Taylor's executive vice president of strategic planning, and his team arrived in Daytona in February 2011 to present EVOLVE's research results. Alfonsi identified key macro-level headwinds that NASCAR faced. There were radical demographic shifts in the U.S. population. It was aging, which would pose challenges for a sport whose fan base predominantly comprised white, married males with an average age of 47.

There were sweeping changes in the American family. The number of single-parent homes had risen from 11 percent in 1970 to 30 percent in 2010, and one in four children were raised without an adult male at home.[42] These trends were breaking the cycle of generational loyalty on which NASCAR's fan base had historically hinged, a cycle in which fathers and male relatives passed down fandom to younger males in their families. Further, "car culture" in American families was waning, as perceptions of cars morphed from fun projects to computerized vehicles that were "a means of getting to point B from point A in the most efficient manner possible," said one focus group member.[43]

Lastly, NASCAR was competing for fans who were enamored by the amenities of other sports. Other sports were making massive investments to improve fans' experience. As they built new venues, upgraded existing ones with state-of-the-art jumbotrons and Wi-Fi access, and expanded the ways that fans could interact with their sports on smartphones, other professional sports were capturing the time and money of the twenty-first-century fan.[44]

Alfonsi and his team continued to return throughout the following months, each time presenting the results of one of the four strategic research focuses:

Next-Generation Fan

As the children ("Tommy Juniors," see **Exhibit 6**) of NASCAR's core fan base proved to be less interested in the sport, not only was the traditional passing down of fandom eroding, but existing fans ("Tommys") were being lost as they migrated to other sports and events that their children were being exposed to through digital and social channels.

As the researchers assessed NASCAR's level of engagement with high-value fan segments, they saw gaps among Hispanics, kids, and Generation Y that represented tremendous potential. Although each of these demographics offered opportunities for growth, they also posed substantial challenges. "For something like developing the Hispanic market . . . the skillset . . . the types of activities that [we] would need to engage in to begin to build a platform . . . we weren't

[41] Brian France, in interview with the authors, November 20, 2013.

[42] U.S. Census Bureau, as cited in Taylor research.

[43] Quotations from interviews conducted by Taylor.

[44] Ibid.

equipped for that," said Nyquist.[45] In addition, there was some concern among senior leaders about how NASCAR's traditional core fan base might react if it saw NASCAR making substantial investments in new consumer segments.

HISPANICS

The U.S. Hispanic population was young and growing. It was expected to triple in size over the next forty years.[46] It was increasing its financial wealth at the fastest rate of any ethnic group in the United States and was expected to have more than $1 trillion in buying power by 2014.[47] Hispanic consumers had an affinity for cars and were one of the few U.S. demographics in which the traditional family unit prevailed. Unfortunately, focus groups revealed that although spending time with family and watching sports were typical pastimes in Hispanic culture, many Hispanics did not feel invited to the sport. "I've never seen a NASCAR ad in Spanish," said one Hispanic fan in Los Angeles. "I think if you're not well informed, you're not going to understand the sport [of racing]," said another in Miami.

KIDS

Children of the 2000s were more connected to one another and thus potentially more valuable to NASCAR than the youth of any prior generation. Through their virtual social networks, one avid fan could become a conduit to hundreds of followers.[48] Kids spent increasing amounts of time gaming and on their smartphones. It was estimated that the average American child would spend 10,000 hours playing video games by the time he turned 21.[49] Unfortunately, focus groups showed that NASCAR's digital properties were not resonating with youth. "The cars don't seem very interesting or exciting. In video games, you can customize [them]," said a child in Nashville. When a focus group moderator asked another child if he thought NASCAR had a video game on the market, the child responded, "It's the worst game ever."[50]

GENERATION Y

Generation Y spent five times more on discretionary spending as a share of their discretionary income than the wealthier Baby Boomer generation.[51] It was also an easy demographic to reach, with 81 percent of Gen Y using Facebook every day (twice as many as those who watched television or read newspapers).[52] The research uncovered three key insights about Gen-Y consumers: They saw sporting events as being not primarily about the sport but rather as social occasions; they loved the feeling of community that came from pride for one's city; and they had an acute sense that NASCAR did not project an aura of multiculturalism.

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[45] Eric Nyquist, in interview with the authors, September 13, 2013.

[46] Pew Research Center, "Statistical Portrait of Hispanics in the United States, 2011" and "Statistical Portrait of the Foreign-Born Population in the United States, 2011," and U.S. Census Bureau, as cited in Taylor research.

[47] Selig Center for Economic Growth at the University of Georgia, as cited in Taylor research.

[48] Taylor.

[49] G4TV.com, 2011, as cited in Taylor research.

[50] Quotations from interviews conducted by Taylor.

[51] Scott Galloway, "Gen Y Affluents: Media Survey," L2, New York University Stern School of Business, December 16, 2010, as cited in Taylor research.

[52] Ibid.

Digital and Social Media

The researchers used two words to describe the digital and social media status quo throughout NASCAR in 2011—*dangerous irrelevance*. There had been widespread underinvestment in digital resources throughout the sport, with 46 percent of team executives saying they needed to make capital investments in digital and social media.[53]

At the heart of the sport's digital shortcomings was the fact that NASCAR had sold its digital rights (i.e., control of NASCAR's digital assets, including NASCAR.com) to Turner Sports in 2000 and then again for 2008 through 2014. "When we did the original deal, *digital* meant something different than it means today," said Phelps.[54] Over time, the sanctioning body began to feel the consequences of the digital rights paycheck (approximately $15 million annually[55]) it received from Turner. The terms of the rights were so all-encompassing that if NASCAR wanted to create a mobile application, Facebook page, or Twitter handle, it needed Turner's approval; "Turner had exclusive rights to any video shot at tracks during race weekends;"[56] and "when magazines, cable channels, and newspapers shot non-race footage at a racetrack . . . Turner [sought] licensing fees from [them] before letting them post the videos on their websites."[57]

"Our corporate sponsors weren't able to push out digitally and socially to our fan base, their customers, in a way that allowed them to maximize their sponsorship unless they went through Turner," explained Phelps.[58] Meanwhile, networks that bid on NASCAR's television rights increasingly sought to couple them with digital rights to stream races online. NASCAR was unable to react. Alfonsi described, "What began as forward-thinking attempts to position NASCAR as a digital media leader—great rights deals—have become a millstone around the entire industry's neck."[59]

Turner's goal was to monetize NASCAR's digital assets to strengthen its own bottom line. This often led to inconsistency across NASCAR websites. For example, Turner required team sponsors to pay for their logos to appear on drivers' NASCAR.com landing pages. Although wealthier teams had budgets to make such media buys, teams with smaller budgets could not, and their pages appeared unfinished. Further, some NASCAR.com driver landing pages linked to websites created by teams, which varied greatly in quality, while the sanctioning body did not have the resources to monitor them and had not disseminated industry-standard templates. The researchers explained that this created a disjointed user experience and discouraged online exploration of the sport.[60]

"Turner wasn't doing anything wrong or being a bad partner. This was the agreement we had entered into," explained Phelps. "I remember a key moment for me: We were having an annual review with Turner. I made a suggestion about some way that we could work together to grow the

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[53] Taylor.

[54] Steve Phelps, in interview with the authors, September 13, 2013.

[55] Ibid.

[56] Tripp Mickle and John Ourand, "NASCAR To Buy Its Digital Rights Back From Turner," *SportsBusiness Journal*, December 19, 2011.

[57] Ibid.

[58] Steve Phelps, in interview with the authors, September 13, 2013.

[59] Taylor.

[60] Ibid.

sport, to which they responded, 'Steve, we understand why *you* want to grow your sport, but we're here to make money.' That's when I realized we had a problem."[61]

Inside the sanctioning body there was disagreement on whether it *should* own its own digital rights. There were a number of people who placed a heavy premium on near-term yield. Although many in the NASCAR ecosystem were dissatisfied with the digital rights performance, everyone continued to benefit from the financial payments from Turner to NASCAR.

Driver Star Power

Building individual drivers' star power was central to every aspect of the sport's revenue model. This made the deficit of star power identified during the research particularly alarming. Compared to other professional sports, the star appeal of NASCAR drivers lagged (see **Exhibit 7**). When 1,047 general sports fans were asked the question, "Who are the most popular sports celebrities or stars?" not a single NASCAR driver was in the top twenty responses.[62] The same study revealed that legendary boxers and figure skaters were more popular than iconic NASCAR drivers.

Fans felt they either didn't know enough about drivers or perceived drivers as bland and corporate. "You don't know where the drivers are from. If there was a guy from Tennessee, [I] could identify with [him]," said one participant.[63] "Stars have to form a real connection with their fans . . . If people just like them for a talent, I don't think there's much longevity. But, if I can relate to your faults as a human, [I'll] probably follow you for a long time," said an executive from a national media outlet.[64]

Opinions differed on who was ultimately responsible for building star appeal. Teams felt spread thin and lacked expertise. And often drivers' childhood friends were their managers. "The people around [drivers] are more gatekeepers than someone trying to really . . . advise them, [position] them," said another. Some team executives felt it was NASCAR's place to lead the way. "I think the sanctioning body could make [the sport] more relevant. We all work with the sanctioning body. It's as if they're the hub."[65]

Sponsors felt it was the sport's responsibility to create stars. "My job isn't to make him a star. I'm paying. So, his job is to make me money by selling more [product]," said one executive.[66] Drivers, on the other hand, felt too busy with their grueling schedules and sponsorship obligations. Driver Dale Earnhardt Jr. explained, "I just don't think it's productive to have a personal social networking account. I had Facebook and MySpace . . . and I just get burned out feeling that responsibility to keep it updated."[67]

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[61] Steve Phelps, in interview with the authors, September 13, 2013.
[62] Taylor.
[63] Ibid.
[64] Taylor.
[65] Quotations from interviews conducted by Taylor.
[66] Taylor.
[67] Jeff Gluck, "Dale Jr.: Why I Won't Tweet," *SB Nation*, February 19, 2010.

Event Day Experience

Through EVOLVE's ethnographic studies on race days, the researchers observed groups of friend and family "cohorts" as they attended races during NASCAR's Chase to the Sprint Cup, the sport's championship. Each cohort was given tickets to attend one NASCAR race,[68] another live sporting event, and one live entertainment event (e.g., a concert). Some cohorts were given no guidance on how to approach NASCAR races, while others were provided a "sherpa," an expert to advise them on how to prepare and what to do at the track. The ethnography gleaned key insights: many people were unsure of *how* to be NASCAR fans; the infrastructure and amenities at tracks were in many cases inferior to those of other professional sports venues; and the race day experience was a disappointment from a technology standpoint.

When new fans arrived, they were both pleasantly and unpleasantly surprised. "Seats were better and the food was better at the [Kansas City] Royals, but NASCAR was more exciting," said one female participant.[69] Still, the excitement wasn't sufficient to distract from what spectators perceived to be "run-down" and "inadequate" facilities. They reported that seating was uncomfortable, restrooms were not clean, and jumbotrons were non-existent or not placed where spectators could watch the track while in line for the bathroom or concessions. When they finally reached the front of concession lines, many fans were surprised to find that most tracks did not accept credit cards. Among the most frustrating aspects to fans was also the lack of cell phone access and Wi-Fi.

How Should NASCAR Evolve?

By April 2011, there was general agreement that many aspects of NASCAR needed to change. The lingering question was how to proceed. Who would lead the ecosystem through these changes? Among the four areas identified in the research, which were the highest priority and should receive greater financial support initially?

Said Brian:

> *I imagine every [sports] commissioner would tell you their greatest challenge is to get everyone to look at growing the pie and not fight over whose slice is bigger in a given situation. That's hard. Understandably, [each type of stakeholder in our ecosystem] believes that what they do has more impact than someone else. [And] each one has [valid] points. The challenge is getting everyone to put down their swords and focus on how big we could grow this pie.*[70]

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[68] Nine tracks were included in the study: four ISC tracks, four SMI tracks, and one independent track (Dover International Speedway).

[69] Taylor. See the focus group videos at https://vimeo.com/109054128. The password is **stra?sno**.

[70] Brian France, in interview with the authors, November 20, 2013.

Exhibit 1: NASCAR Viewership and Ratings, 2004–2011

Year	Networks	Average Rating	Average Number of Viewers (in thousands)
2011	Fox/TNT/ESPN/ABC	3.8	6,451
2010	Fox/TNT/ESPN/ABC	3.6	5,861
2009	Fox/TNT/ESPN/ABC	4.0	6,543
2008	Fox/TNT/ESPN/ABC	4.3	7,082
2007	Fox/TNT/ESPN/ABC	4.4	7,122
2006	Fox/TNT/FX/NBC	4.9	7,855
2005	Fox/TNT/FX/NBC	NA	8,470
2004	Fox/TNT/FX/NBC	NA	8,011

NA = Not available

Source: Tripp Mickle and John Ourand, “NASCAR Pleased with Viewership Consistency,” *SportsBusiness Journal*, November 25, 2013.

Exhibit 2: Viewership Trends across U.S. Sports

Telecast	Network(s)	2006 Average Audience (in millions)	2010 Average Audience (in millions)	% Change
Sunday Night Football	NBC	17.504	21.312	+21.8
Monday Night Football	ESPN	12.324	14.698	+19.3
NBA	TNT	1.482	1.723	+16.3
Sunday Night Baseball	ESPN	2.350	2.177	-7.4
NASCAR	Fox/TNT/ESPN/ABC	7.855	5.992	-23.7

Note: Data is from each league’s regularly scheduled, national television packages. Fox and CBS afternoon NFL games and Fox afternoon baseball games were not included because those broadcasts are regionalized.

Source: John Ourand and Tripp Mickle, “NASCAR’s Slide on TV Continues,” *SportsBusiness Journal*, November 29, 2010.

Exhibit 3: Example Track Revenues

Company	Admission Revenue in 2011 ($ in millions)	% Change Compared to 2006
International Speedway Corp.	144.0	-40
Speedway Motorsports Inc.	130.0	-25
Dover Motorsports Inc.	13.6	-60

Note: Determined by securities filings of track owners for 2006 through 2011.

Source: David Scott and Andrew Dunn, “NASCAR Ticket Revenue in Sharp Decline,” *ThatsRacin.com*, July 7, 2012.

Exhibit 4: Sponsorship Placement on NASCAR Cars and Uniforms

Source: "Jimmie Through the Years: 6 Pack," http://jimmiejohnson.com/bio (accessed November 11, 2013).

Exhibit 5: EVOLVE's Objectives

Establish an integrated marketing communications department

Vision for digital and social media success

Overall assessment of event experience

Learn about the next-generation fan

Velvet rope (building superstars)

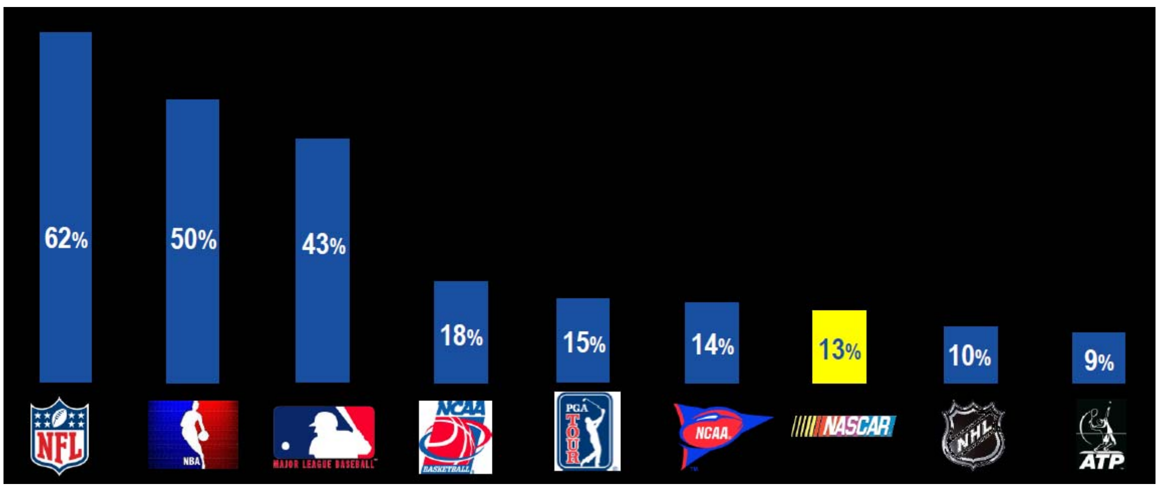
Emerge ready for the future

Source: Brett Jewkes, in interview with the authors, November 18, 2013.

Exhibit 6: Decline of NASCAR's Classic Fan Engagement Model

Source: Taylor.

Exhibit 7: Consumer Survey: Which Sports Have the Most Stars?



N=1,047

Source: MarketTools Consumer Survey, "Which Sports Have the Most Stars?" March 2011, as cited in Taylor research.