

The New NASCAR

Baseball, football, basketball, hockey — all are great American pastimes with amazing stories to tell. But it's hard to name a sport more organically rooted in American popular culture than stock-car racing — popularized, as it was, by bootleggers trying to outrun revenuers in the 1930s and '40s.

When that race ended, it was only the beginning of what is now, after football, the second-most watched sport. Today, the National Association for Stock Car Auto Racing — NASCAR — claims tens of millions of fans across more than 150 countries.

And yet, as with any enterprise, keeping up demands new thinking. The 2008 economic meltdown was especially painful for NASCAR, striking as it did at the automotive industry, its very heart. Sponsorship and viewership flagged.

But viewership is now on the rise again and the fan base is more engaged, thanks in part to a 15,000-person online fan panel. Times do change: When Bill France, Sr., founded NASCAR in 1948, he scratched out the rules all by himself, on a paper napkin. As of 2011, rules changes can come directly from the fans.

Listening certainly helps, and so NASCAR marketing chief Steve Phelps has developed extensive fan research along with a five-year plan to grow the base. The new strategy spans social media, multicultural outreach and, perhaps surprisingly, a massive “green” initiative involving recycling, solar panels, ethanol and, in the case of at least one track, sheep mowing the grass (*see sidebar*).

“If we can create fans who are more engaged with NASCAR because of what we’re doing in the green space, that would be an important win for us,” says Steve.

Of course, Danica Patrick joining NASCAR probably won’t hurt, either.





Steve Phelps navigates innovative pathways at NASCAR.

What is it about NASCAR that appeals to its fans?

There's a real sense of community among our fans. That's true for sports in general, but for our fans it's not just about a three or four-hour game; in many cases, it's about entire weekends or longer. They'll camp out and spend three, four or five days at a NASCAR event. That sense of community both at and off the racetrack is unique.

How are they different from other sports fans?

They're different because they clearly understand the need for sponsorships, because that's what puts racecars on racetracks and brings this sport to them. That's the economic model we have and fans understand that they need to support it. They identify not only with the drivers, but also with the brands that are supporting those drivers.

"Win on Sunday and sell on Monday," as the saying goes.

That slogan came primarily from the auto manufacturers, but it's broader than that now. Certainly our auto manufacturers and the four that we have in our sport—Chevy, Ford, Dodge and Toyota—are seeing some very good results. If you look at how they index with our fans relative to auto manufacturers who are not involved with NASCAR, they all over-index significantly.

Is NASCAR still as connected to the auto industry?

It is returning to where it was. Obviously, during the economic slowdown, and because of the government bailouts, it was a very difficult time for them regardless of the results that they were seeing from their sponsorships. They pulled way back on all sponsorships, including with us. But now they are ramping back up and the results clearly are there.

The racecars look more like showroom models again, too.

That's exactly right. We had standardized the cars—what we call "the car of tomorrow"—for safety and to maintain competitive balance. But our research showed that fans didn't like the look of the car. So, starting with the Nationwide series, we kept the features of the "car of tomorrow," but the looks of the Mustangs and Chargers on the track now mirror the cars in the showroom.

We've done the same thing with the Sprint Cup car, by re-shaping the car's nose to look more like the showroom model. For 2013, the entire car will be re-designed to look like the production car. That's the last piece of the puzzle to address any concerns fans have with how the vehicles look.

How else are the cars changing?

Yes. We're introducing fuel injection into our cars, which sounds odd because most of the cars on the street have fuel injection. Our cars do not; they have carburetors. It's about being relevant to today's cars under the hood. We need to make sure that the engines themselves mirror what is happening in a production car. Fuel injection won't make a significant difference in terms of the amount of fuel we're burning, but it's a move in the right direction and we believe that it will resonate with our fan base.

We're also trying to take a leadership role with our fuel. We partnered with American Ethanol and Sunoco to create a 15 percent ethanol blend made from American corn. That's an important way for us to show leadership in the green space and to innovate in ways that people don't expect.

Why the focus on green initiatives at NASCAR?

Part of it is about doing the right thing and doing our part. We started with recycling, went to tree planting and now we're into ethanol. If we can innovate and be a leader in the green space, then everyone can.

These initiatives are led by our chairman and CEO, Brian France. I'm sure there were plenty of people who thought he missed the mark on this, but he didn't. The response both from a sponsor as well as a fan standpoint has been off the charts.

Most *Fortune* 500 companies have some type of sustainability or green effort going on and more than 100 of them are involved with us. They are thrilled that we've taken these steps. It allows us to bring in new partners and attract new sponsors to the sport, as well.

Does it alienate some fans?

We haven't heard that, and we're pretty good at listening. It feels good and it feels right that we are moving in this direction from a fan perspective. From a corporate perspective, we were concerned about being perceived as greenwashing. But that hasn't happened because we are not just talking it but actually going out and doing it.

It is attracting any new fans?

We haven't done the research on that yet, but we certainly will. I think that over time we will gain fans who appreciate that we're doing it. If we can create fans who are more engaged with us because of what we're doing in the green space that would be an important win for us.

How does NASCAR stay true to its roots while also growing its fan base?

It's about nurturing our existing fans through great racing and growing that fan base by doing things that are relevant to each of the groups that we're trying to grow.

We do that through digital and social media. We do it by working with our drivers to build their star power with both new and existing fans. Entertainment is a key plank to reach new fans and we continue to explore movie tie-ins and all genres of music. If we do that properly, we can attract new fans without alienating our core fans.

How are you using social media?

The use of social media by our drivers has really exploded over the last two years. A year ago, I spoke with Jeff Gordon about getting into social media because his fans would love it and get to know him in a much more meaningful way.

And he's said, "Ah, that's not for me. That's for

the younger guys; I'm not going to do that." And then, lo and behold, two months later, he's on Twitter and he has a tremendous number of followers. Social media really has made a big difference in how our fans are connecting with our drivers.

How else are you building your fan base?

Oh, there are plenty of other things that we're doing to build our fan base. We have a large 18-34 base today and a lot of young boys are interested in the sport, too. We need to make sure that allow them to experience the sport in different ways than we have traditionally.

Videogames are a great access point for younger fans, so we have taken significant steps in the last year to improve our videogame and fantasy game offerings. Our research shows that Hispanic and urban youth are also quite interested in NASCAR. About nine percent of our fan base is Hispanic, which is under-indexing relative to where we should be. We need to do a better job of welcoming them to our sport.

Hispanics don't feel welcome?

Not as much as they should. Even with acculturated Hispanics, we need to be Spanish-language in television, online and in print, in places where they are consuming media. Right now we're just not there in any great, sustained, strategic way, but we will be.

A lot of it is that they aren't really sure how to be a fan. That's true of the 18-34 year-olds, too. So, we have to teach them. We need at-track Sherpas, or at least information that lets them understand how they should be experiencing our sport, because it's not necessarily intuitive. If you don't have someone explain it to you, it just seems like cars going around in circles.

An experienced NASCAR fan understands the tactics, the strategies and the race-within-the-race. Ultimately, there's the drama that unfolds with their favorite drivers—or the drivers they don't like.

How will Danica Patrick joining NASCAR affect your fan base?

Danica Patrick brings a big fan base, for starters. Research shows that there's only one segment of existing fans—women 55-plus—who are not thrilled with her coming over. I don't know why that is. You would think it would be hey, here's a talented female

Green NASCAR

NASCAR is saving money and generating revenues by “employing an ambitious set of green initiatives.” This might seem surprising, given that it “celebrates fast cars that burn copious amounts of gasoline.” But that’s all the more reason why NASCAR is now planting (if not hugging) trees.

“The incongruity is part of what makes going green in this sport so impactful,” says Michael Lynch, NASCAR’s director of green innovation. “There’s a bias that the sport is not green and therefore the fans aren’t green.”

While NASCAR can’t change the nature of its sport, it does hope to change what it can, and maybe teach its fans something about environmental responsibility.

Michael’s challenge at NASCAR is “to figure out how environmental programs could help them cut tens of millions of dollars in costs without imposing too much strain on their operations.”

A big part of his solution involved expanding recycling efforts via Safety-Kleen, to include some “225,000 gallons of fluids” as well as “oil filters, fluorescent

light bulbs, metal shavings, aluminum and steel.” In partnership with Coca-Cola and Coors Light, NASCAR also expects “to recycle about 12 million bottles and cans this season, twice as much as last year.”

Michael admits that such initiatives represent “low-hanging fruit,” but he has also supported “the installation last year of 40,000 solar panels over 25 acres at Pocono Raceway, which “saves about \$500,000 a year in energy costs and has produced electricity equal to 324,000 gallons of gasoline.”

More controversial is “NASCAR’s decision to make Sunoco Green E15 ethanol blend its official fuel this season,” which NASCAR says “helps reduce reliance on imported oil.” NASCAR also plants ten trees for each green flag that drops during select races and sometimes uses a Toyota hybrid as its pace car.

Perhaps most endearing of all, “a small herd of sheep graze on the infield to keep the grass trimmed” at the Infineon track in Sonoma, California.

[Source: Ken Belson, *The New York Times*, 9/13/11]

who can show the boys what’s what, but I don’t know.

But every other segment — whether it’s youth or 18-34, male or female — her fans and ours are excited about her coming over to NASCAR. It’s about sampling. When her fan base comes over to watch her race with us, they will fall in love with the sport because it’s such a great sport.

Are small-car races in your future?

We have explored all kinds of different options, including smaller-car racing. Smaller cars certainly wouldn’t replace our Sprint Cup or Nationwide series, but the ability to do racing at any level is something that we have permission to do.

We won’t have smaller-car races in 2012, but we certainly are having discussions with auto manufacturers and doing research with younger audiences to see if it’s something they would be interested in.

How about racing rockets?

With our racing heritage we could probably pull that off! Listen, whether a smaller-car series or another energy-efficient series — these are all things we are exploring through our research and development center in North Carolina.

What’s innovative about the racetrack experience itself?

We initiated a massive study at nine tracks last fall on that. We did some standard things like intercepts, but also formed “family” or “buddy” groups that went to a NASCAR race, and then another professional sport, and then go to a concert or a circus. We asked these groups to compare their experiences and got some great insights out of that.

As part of our five-year action plan, we are working on creating certain uniform experiences across all tracks, in terms of how fans will be entertained from

the moment they arrive in the parking lot to the moment they return there. This includes music, entertainment and things that capture them outside of the race itself.

How is technology changing the experience?

We're exploring the role of connectivity with mobile devices and data coming across those devices. We probably will not have a full solution by 2012, but we're getting apps at the track that will help fans find the concessions, licensed apparel and so forth.

We probably will not have facilities that rival Jerry Jones' house in Dallas, but we do have great facilities and each one has its own character.

We do think that technology is one area where we can win because the data that comes from the cars in real-time is unique relative to stick-and-ball sports. Even today, fans can hear what's happening in real-time with drivers as they communicate with their spotters and crew chiefs. That's a great engagement tool for us. When you go to a racetrack, you see a lot of fans with headsets on, listening to the audio of their favorite drivers. Or, they'll have a fan view, which has both video and audio that connects to their favorite driver. They can see different camera angles and real-time scoring.

How do you want fans to feel when they are at the track?

We want to continue to have this great community, and recognize that the experience will be different for different people. Some fans will embrace technology and we need to be there for them. Others will want a large video board, while others are just interested in listening to the scanners.

We want to create as personalized an experience as we can for each fan. Now, that's difficult when you have up to 200,000 people attending a race, but that's what we're striving for. The race-day experience is so sensory. You hear it, feel it and touch it, as well as see it. It's very important for us to have that sensory-heightening continue. We also have to continue to create opportunities for our fans to have access to the sport. The ability of our fans to get close to the drivers and their cars is special.

How are you bringing NASCAR to life as a retail experience?

We do that primarily through great retail partners. Walmart does Race Time at Walmart, which offers

special events and deals to fans. We have a new partner in Dollar General, which did a major sweepstakes with us in the fall. Target, Best Buy, Office Depot and Home Depot are all bringing the retail experience of NASCAR into their stores, or on television, as well as online activation and promotion.

It's also done through licensed merchandise—the merchandise of our fans' favorite drivers—being pushed through those channels. And then we do it digitally at NASCAR.com. We've got great retail presence today from both a sponsor and a licensing standpoint. The ability for both retailers and licensees to partner with us is easier than it's ever been.

How does NASCAR's culture promote innovation?

It really comes from the top. Brian France is an entrepreneur at heart. He has challenged each of us to think in that spirit. Brian's vision is that innovation is going to be critical to the success of the organization, long-term. He is pushing the things that we're doing in technology and in "green." He can certainly try to do all of those things by himself, but rewarding an innovative culture is something that he is very in tune with.

Were you a fan before you joined NASCAR?

I was. In fact, my father took me to my first stock-car race at a small track up in Vermont when I was about five years old. I've always had a love affair with NASCAR.

What excites you the most about the sport?

I love the product. It is just a fantastic sport. Either going to the racetrack with friends or family, or watching people enjoy the sport, is a tremendous satisfaction for me. I love working here. It is such a good fit for me and what the sport represents: family values. It's just a great place for me to pursue my craft and then enjoy it with such a great group of people and the greatest fan base in the world. ■



STEVE PHELPS is senior vice president and chief marketing officer for **NASCAR**. He is also a former vice president of corporate marketing for the NFL, and began his career with American Home Products and the Guinness Import Company.