

CSR

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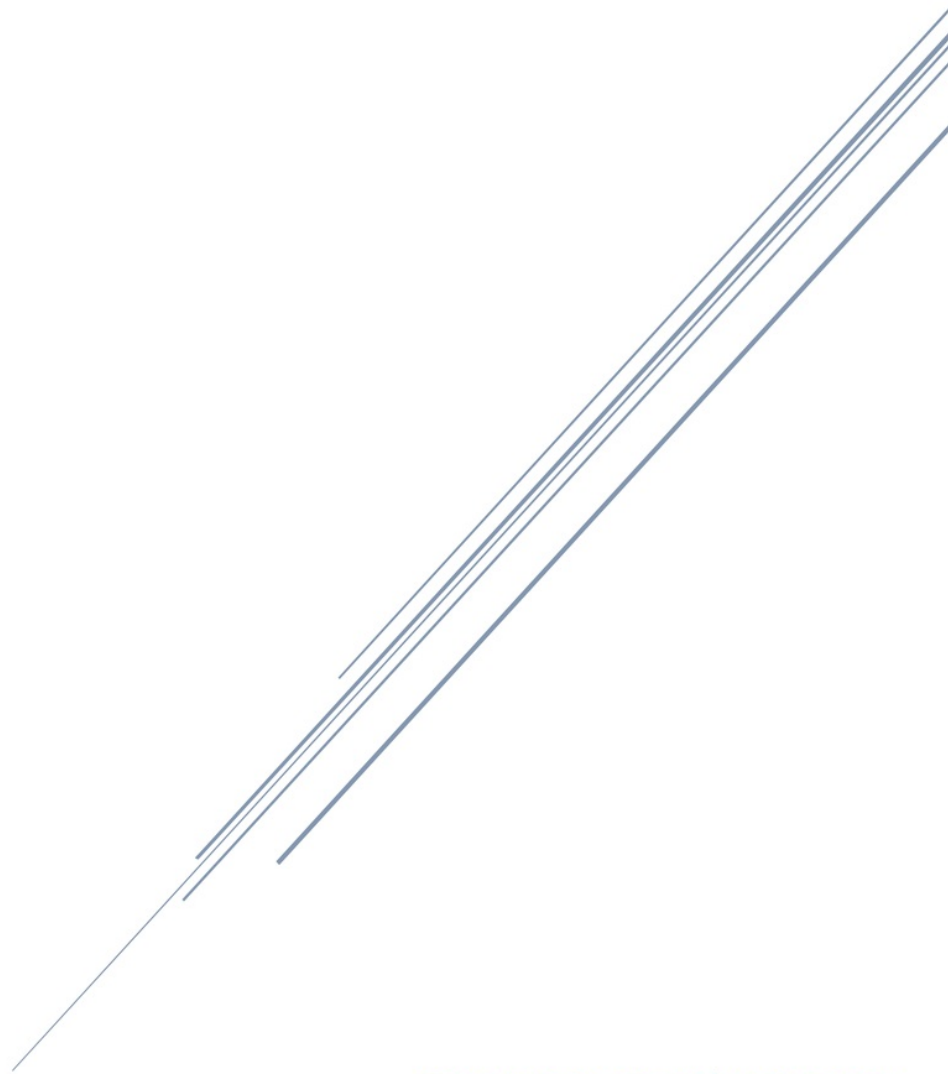
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IMPACT OF CORPORATE AND SOCIAL RESPONSIBILITY IN THE MARKETING OF MOTORSPORT



Trinity Saint David University
Motorsport Management Year 1

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Introduction

In this report there will be discussion of Corporate and social responsibility and how it impacts certain areas of motorsport, more specifically how it effects motorsport from an environmental perspective and what societal issues the industry face.

Corporate and Social Responsibility Definition

Philip Kolter et al (2005) Definition

Philip Kolter defined Corporate and social responsibility as 'a commitment to improve community well-being through discretionary business practices and contributions of corporate resources'.

Corporate and Social Responsibility

Corporate and social responsibility is the relationship between business and society, with regards to Motorsport the corporate and social responsibility can be divided into several categories being Environmental and Social Issues. All two of which motorsports as an industry has to consider when doing anything which would involve the public, whether it's hosting an event, race or releasing a new product/race vehicle.

Corporate and social responsibility has been analysed by several theorists one being Professor Edward Freeman who created the 'Stakeholder Theory' Freeman (1984) his theory spoke about how a business within its self cannot be successful without considering all of its stakeholders as oppose to considering just one. This can be applied in the Motorsport industry for example, if The British Touring Car Cup (BTCC) industry only focussed on one aspect like performance of race vehicles and completely ignored the safety aspects like protective clothing and roll caged cars, it would create successfully fast vehicles but would risk the safety of the drivers and fans. Most importantly this would create negative notion so the sport for setting a poor example for the amateur enthusiasts and fans who idolise those teams.

Environment

Nascar is proven to be one of the worst green house gas pollutants when comparing motorsports, in one year (35) races their annual carbon footprint is around 1.8 million kilograms of Co2. To put that number in perspective according to Layton (2019) [online] the average American life emits 20,411 Kilograms of Co2 a year. This is only data from the performing cars this doesn't include the logistical or fan carbon footprints, when considering according to Gaines (2016) on average 250,000 fans turn up to the Indianapolis Motor Speedway, and each team have two semi-trucks to haul all the cars, spares and crew which equates to 80 trucks and over 250,000 cars for one event.

According to March (2014) [Online] Most teams in NASCAR use up to 8-10 sets of tires in a weekend. It takes several gallons of oil to produce one tire, and approximately 698lbs of Co2 is produced during the process to make the tyre. This equates to 149,090lbs of Co2 just for the used tyres during one race weekend out of 35 in one season.

However, within recent years Nascar have made a move to becoming more environmentally friendly, in this article by Nascar Green [online] how NASCAR has started experimenting with bio fuels they've partnered up with a company called Sunoco Green who helped them produce a 15% ethanol blend bio fuel which has proven to produce 20% less emissions than b

NASCAR have also launched a tree planting program where they have created partnerships with Virginia Department of Forestry in result have planted more 400,000 trees across the United States.

In 2013 joint with Arbour Day Foundation they launched a similar program where Nascar fans  can purchase trees for planting in areas that need reforestation.

In 2008 approximately 200,000 gallons of oil and 120,000 Goodyear tires were recycled across NASCAR'S three national series annually, alongside 25million cans and bottles recycled at the race events. In 2015 Nascar ran its first ever program at Richmond International Raceway which resulted in over 5.4 tons of food going to be composted and 1,000 meals being donated back to the community.

Although the statistics and information was sourced from the NASCAR website, it may be slightly biased however, both sources NASCAR Green (2019) [online] and March (2014) [online] both contradict one another and even though the NASCAR industry have invested a vast amount of time and money into helping the environment with their tree projects, recycling and their experimentation with bio fuels, it doesn't counter act the monumental impact they produce annually regarding the processes of making some of their parts i.e., the tyres. It also cannot make up for the emissions produced from all 40 cars driving at 5mpg for 500 miles in weekend 35 times a year. Further investment into improving the economy of the vehicles is needed, w  nancing this the sport will continue to impact the environment and add to the global warming issue.

Some companies within motorsport use their environmental actions or proposals as a selling point  to try and appeal to new segments  of the market, especially within Formula E making its first appearance in 2014. This appeals to the 'motorheads' who are typically interested in petrol powered combustion engines because of the pure torque and speed of the formula E cars, however apposing that this has also opened up a new market segment who are more environmentally friendly, by doing this Formula E have created a new market for them selves as there are no other electric powered racing series when they entered in 2014. They have managed to create a whole in the market and fill it themselves, inviting new audiences to motorsport which is a lucrative move creating a need and delivering it.

Social Issues

There are different social issues for each genre of sport within Motorsport, one of the biggest societal issues in the United States (US) is to do with National Hot Rod Association also known as NHRA. The issue being there is a vast historic culture of drag racing over in the US the majority of it being regulated and legal as it takes place on verified drag strips, however there is still a big part of society who par take illegally in drag racing on public roads known as 'street racing', this is big societal issue for the NHRA as it puts pressure on the industry to do something to try take the racing off the streets onto the track. Reason behind this ancient culture is that racing on the roads, there's very little grip which is referred to as tuning and drivers' game, this is what is carrying the culture because its 'anyone's race', whereas on the track the surface is glued with rubber and cleaned so the cars grip to it, inevitably meaning the higher horsepower cars with the biggest tyres are most likely to win. However, the NHRA in the 3 years has launched events called 'No Prep' this is where the drag strip has all of the glue and rubber stripped off the track to make it as similar to a street surface as possible, this appeals to that segmented culture of 'street racers' to race in a controlled, safe, legal environment. These events have popped up all over the US in attempt to take a portion of races off public roads. Social responsibility is a key aspect because of dangers within the sport it's important for the industry to set a good example for the fans and enthusiasts, to warrant safety and in this case to ensure racing is done legally. This is also a good promotional method by the NHRA as it creates

business for the local drag strips where these event takes place. The drivers pay a buy in fee to race however, the spectators have to pay an entry fee. This is a 'win win' for both local community and the industry.

The motorsport industry as a whole has financial aims and objectives although the majority of it is for consumer entertainment, it's still a business and has to promote its products and sell its merchandise, to be able to do this they have to create a professional forefront for the business. Corporate and social responsibility affects this massively because this is the link between the business and society more specifically with motorsport's there's thousands of variables that can affect the social relationship between the industry and society. The Motorsport industry have to take all possible variables into account, for example if the industry were to be involved in a tax avoidance incident this would create a negative look for the industry and would hinder them financially as its unethical behaviour and could potentially push some consumer away. Its key to consider any possible variables so they don't lose a segment of their target audience, because that would inevitably mean losing sales and money. Good point

Conclusion

To conclude in this report there has been discussion of the environmental impact caused by some motorsports and what the industry is doing to counter act and adapt to the environmental issues currently facing the industry, societal issues from a consumer and business perspective and what industry methods are being applied to create business and to help local communities. 3 es.

Reference Page

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Phillip Kolter

Corporate and Social Responsibility definition

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FINAL GRADE

50/100

GENERAL COMMENTS

Instructor

Some good sources used but lack of engagement with recommended course texts or equivalents.

Very good knowledge demonstrated and the key elements of CSR are explained very well.

Good analysis with some very good examples used to illustrate how CSR is evident in Motorsport. Weak conclusion.

Skills need work. Layout and structure good but referencing not in correct format. Lots of spelling and grammatical errors

PAGE 1

PAGE 2

PAGE 3

QM

Grammar

Grammar

QM

Good point

Good point

QM

Awk.

Awkward:

The expression or construction is cumbersome or difficult to read. Consider rewriting.

Additional Comment

This sentence should be split



Grammar

Grammar



Good point

Good point



Good point

Good point



Awk.

Awkward:

The expression or construction is cumbersome or difficult to read. Consider rewriting.

Additional Comment

sentence structure



Good point

Good point

PAGE 4



spelling

spelling



Good point

Good point



Comment 1

Promotion? Marketing Mix?



Comment 2

segments

PAGE 5



spelling

spelling

Additional Comment

affects



Grammar

Grammar

Additional Comment

has



Grammar

Grammar

Additional Comment

sentence structure



spelling

spelling

Additional Comment

it's



Good point

Good point



Comment 3

Weak conclusion



Incorrect referencing

Additional Comment

No Harvard format