

James Williams Social trends 2

by James Williams

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Motorsport Management

Social Trends and Consumerism- Assignment 2

M5X01285

Carl Singleton

Task Description

Produce a written report that evaluates the impact of changes in social trends and consumer behaviour affecting the motorsport industry.

Analyse the impact of changing **social trends** and **consumer behaviour** on the motorsport industry.

Giving reference to the following trends;

Globalisation

The Experience Economy / Experientialism

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1.0 Introduction

To produce a written report which evaluates the impact of changes in social trends and customer behaviours regarding the motorsport industry, it is important to understand the definitions of both social trends and customer behaviour and how they can be considered within motorsport.

The definition of social trends according to the Business Dictionary is as follows;

“Habits or behaviours currently prevalent among consumers of goods or services. Consumer trends track more than simply what people buy and how much they spend. Data collected on trends may also include information such as how consumers use a product and how they communicate about a brand with their social network.” (“What are consumer trends? definition and meaning”, 2018)

Social trends can be hard to understand, what is a trend **Stylistics** a behaviour but is seen on a larger scale. Social trends occur when a population of customers experience the goods or services and react in a similar way. Or on the other hand, whereby previous experiences have affected new customers and they approach the business through the same channel, ask similar questions or expect a similar service. A trend is something which happens on a larger scale, however customer behaviour is a large part of this and can usually be derived from the specific social trend.

Social trends within the motorsport industry is extremely important for several sectors, it can provide an insight as to what customers want from the business or service- allowing a better rate of success and overall better service.

For example, a race circuit looking to market tickets for an upcoming grand prix race week is studying customer behaviours using analytics and data in order to understand what the specific trends amongst customers may be at that specific time. They arrive at the conclusion that a large proportion of customers are buying their tickets online- this is the trend. Identifying the trend allows the race circuit to focus on certain areas through making calculated decisions on where the customers buy their tickets. The race circuit will focus on marketing through it's social media sites and website – knowing that this is what the customers want- due to their past behaviours, and through this can strategically market other areas or options for the race weekend knowing that their card details will be nearby and excitement building for the experience- i.e VIP hospitality packages or meet and greet driver paddock passes and links to accommodation.

With understanding over general social trends and customer behaviour within motorsport, the report can assess and evaluate the impacts in which globalisation and the experience economy have upon the trends and behaviours in which affect the motorsport industry. Through this, the report will then include a series of examples in which the impacts affect a real-life situation.

2.0 Globalisation – What is it?

Stylistics

What is Globalisation? "Globalisation refers to the changes in the world where we are moving away from self-contained countries and toward a more integrated world. Globalisation of business is the change in a business from a company associated with a single country to one that operates in multiple countries." (Woods, 2015)

Globalisation can also be defined as –

"The worldwide movement toward economic, financial, trade, and communications integration. Globalisation implies the opening of local and nationalistic perspectives to a broader outlook of an interconnected and interdependent world with free transfer of capital, goods, and services across national frontiers. However, it does not include unhindered movement of labour and, as suggested by some economists, may hurt smaller or fragile economies if applied indiscriminately." ("Which of your friends needs to learn this term?", 2018)

The Driving factors behind globalisation can be derived as entrepreneurship, technological improvements, global social networks and some liberalisations of trade. These factors are covered by an umbrella consisting of two **Citation Needed** promotion and production as they all contribute to the improvement of these two sectors.

Globalisation is seen as a step for a growing company to improve its markets, communications, production, promotion, relationships with other countries / customers and increase overall profitability / market share.

2.1 Globalisation in the Motorsport Industry

Globalisation is a huge advantage to most businesses within global motorsport series. Global motorsport series or championships can be defined as for example Formula 1, World Rally Championship. – the series' with global scale audiences and reach.

Motorsport businesses use globalisation as a marketing tool; most Formula 1 race cars can be seen branded with several sponsors and few title sponsors including branding on team-ware, accessories and all promotional materials. Businesses such as Petronas, Mission Winnow, Hype energy drinks and Red Bull can be seen advertised on some of the most successful F1 cars of the current area.

The sponsors are going global with F1 through the link with motorsport to improve their branding and links with other countries within the F1 calendar. New for 2019 is ROKIT presented on the new livery Williams racing F1 car, the company is yet to launch it's products or services but has immediately become a title sponsor on the Williams F1 car – on a global scale.

This is impressive for several reasons, the company must have very good financial backing in order to not yet launch – with zero sales, yet become an F1 teams' biggest partner but more importantly recognise a well-known social trend that is online presence at the moment is massive and Formula 1 is on of the leading global sports to be pushing their promotion through all online social media sites available.

"Over the summer of 2017, F1 became the fastest-growing sports brand on social media, outstripping the likes of Premier League football and the NBA. It was an extraordinary result for a sport with little official social media presence one year ago. "There has been a substantial increase in terms of available content, especially video, on the various social media platforms – Facebook, Twitter, YouTube and Instagram, not forgetting formula1.com and the Official F1 App" (Walker, 2019)

ROKIT have identified the trend and having not launched yet, with aspirations of providing WIFI for cities and promoting their sales of phones, F1 is the perfect place to be promoted, visiting cities at every calendar race and being part of a huge online presence. Furthermore, teams such as Red Bull have continued to enjoy the spoils of F1, with their team being extremely successful in recent years- it has opened the doors for the company to expand it's markets through all social media sites and on the ground at the events. With F1's large global promotion all teams benefit from a huge audience and market reach not mentioning the networking and attraction of wealthy investors to events.

The World Rally Championship has also been used to take businesses onto a global scale. Social trends in the 1990's showed that the current generation at that time was very materialistic- people wanted to own their own car, house and so on. Furthermore, in the 1990's there was far fewer advertising/ promotional possibilities. Items promoted on TV became popular and wanted- just like the iPhone at this present time- most people want one.

The World Rally championship had just seen the emergence of Colin Mcrae- who looked to have the potential to become World Rally Champion. Subaru, who were a very small car manufacturer based

in Japan hatched an ingenious plan, taking note of the current marketing strategies – advertisement on TV and a materialistic generation. They decided to enter the World Rally Championship with Colin Mcrae, who was the only Brit capable of being competitive on the World stage. A British driver in a car which immediately looked and performed well meant large amounts of people started to tune in to watch the brit try and take the World Championship Title. Eventually Mcrae won the title in 1995 in the Subaru Impreza and in the process made Subaru, which was a small manufacturer in Japan, a global company.

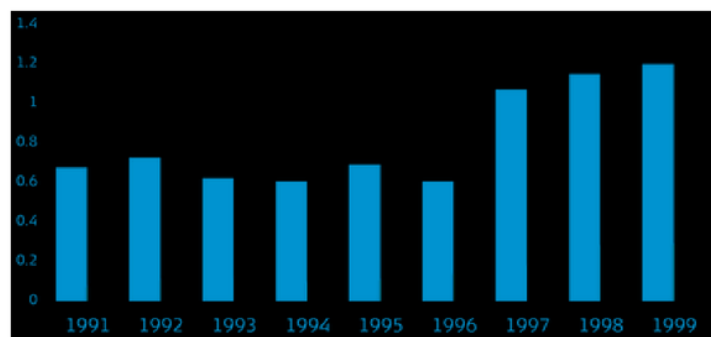
Subaru were strategic in keep the car as similar as possible to the road going version, meaning anyone who drove a Subaru would experience the same looking car as the World Rally Champion- a superb marketing strategy which proved to put Subaru on the global scale – “Subaru cars used a longitudinally mounted, flat four 'boxer' engine mounted to a symmetrical all-wheel drive system. This layout was part of Subaru's DNA and unique in global car design. This foundation was instrumental in helping to create a championship winning rally car and, in turn, it helped Subaru market this approach as the best solution for a performance road car”

“During the 1990s, success on the world rally stage helped drive Subaru's sales profile from low value mini passenger vans, predominantly in the domestic Japanese market, towards its high value, Legacy, Impreza and Forester models sold internationally.” (Prodrive, 2012)

The graph below shows the improvement in sales during the 1990's as they went on to have success within the industry for a decade.

Figure 1.0 shows the improvement in sales during the 1990's (Prodrive, 2012)

Blue bars represent – Billion Car sales (Billion Yen)



Subaru were able to use the World Rally Championship as a springboard for all the benefits of globalisation within the sport. It was a genius use of the knowledge of social trends and consumer behaviour at that time- and yes it rested on the drivers doing well but it was certainly a risk they wanted to take, and it paid off. “When Subaru started rallying in 1990, the company was almost unknown outside Japan and those that did were typically people who bought its minivans and pickup trucks. Rally success soon changed that, as first the Subaru Legacy and then the Impreza changed perceptions of the brand.” (Prodrive, 2012)

Globalisation in motorsport has also helped to bring the fans (customers) closer in touch with the sport. Formula 1 and the WRC – world rally championship are global organisations, and this helps to attract companies who are looking to become global- such as Subaru and ROKIT.

However, the benefits of globalisation in motorsport runs further than just promotion, but also allows for improvements in manufacturing, travel, technologies and even E commerce.

The likes of Formula 1 and Moto GP have signed partnerships with DHL which is the official courier for both motorsport organisations. DHL has recognised the need to go global and has seen considerable success globally. For the past 10 years delivery times of goods have been improving dramatically due to the customer expectation for a next day or 48-hour delivery time. Within Formula 1 the movement times of goods is extremely important and DHL recognised, being one of the biggest international couriers, there was an opportunity to further promote their brand, but also earn a great business deal in the process. DHL still recognise there is further room to globalise and can only see it benefitting them in the long run.

"John Pearson, CEO of DHL Express, declared "globalisation is too big to fail". He argued that even as the world continued to globalise, there was still ample untapped potential." (King, 2018)

Formula 1 is no exception, transport of freight is extremely important when travelling the globe with a tight schedule for races- "As Official Logistics Partner of Formula 1, DHL draws on over 35 years' experience handling complex, time-critical, international motorsports logistics. In the countdown to each race, we criss-cross the globe enabling not only the delivery of the precious cars themselves but thousands of litres of fuel as well as essential event equipment and infrastructure."

"The Formula 1 freight travels by land, sea and air, filling no less than six Boeing 747 cargo planes for each so called "fly-away" race outside of Europe, where most of the teams are still based. As Formula 1's popularity has spread around the world, the Championship is travelling ever further afield. Whereas in its early days races mainly took place in Europe, the number of non-European races has doubled over the last 15 years. Formula 1 fans can now experience the thrill of a Grand Prix in countries including China, Singapore, Azerbaijan and Abu Dhabi." ("DHL Logistics - Formula 1", 2018)

DHL have recognised they could not only benefit from a long-lasting transportation deal within the motorsport industry but are able to further globalise themselves through the channels of Formula one and Moto GP promotion, making them a further established global brand. Alongside this, DHL have become the official sponsors of the fastest pit stop and lap award in Formula 1 giving a good incentive back to the championship.

2.2 Experience Economy- What is it?

"Experientialism is the philosophical theory that experience is the source of knowledge" (Revolvy, 2016)

Studies show that experiencing things makes us much happier than owning something or thinking of a specific object. (Garden, Science & Mind, 2017) "Not so long ago, showing off meant rocking up to an event with the latest car, suit or handbag. In the modern world of social media however, the video of our awesome experience, will get a lot more love than the picture of what we were wearing."

"In life, we always must find balance. Maintaining calm in our hectic modern lives, and parity as we each seek to thrive. Experientialism is an influential movement for our minimalist thinking, but like everything, should not be taken to excess."

"Social media brings joy, builds friendships, and can battle the conventional, yet the pursuit of approval and constant comparison is another path to the same trap of material consumption. There is however, a noticeable difference. It's easy to compare two objects, your car might be faster than mine, her phone might be newer than his. It is much harder to compare experiential purchases though. Two holidays might be opposite ends of the budget scale but can bring equal enjoyment. Each experience is unique to us, and nobody can compare that." ("Experientialism", 2019)

2.3 The Experience Economy in the Motorsport Industry

In the 1960's, 70's, 80's and early 90's there was a very materialistic generation, social trends and customer behaviour illustrates that people were scheduled to buy things such as owning their own car, house and items which suppose ably made them happy- success was Citation Needed with.

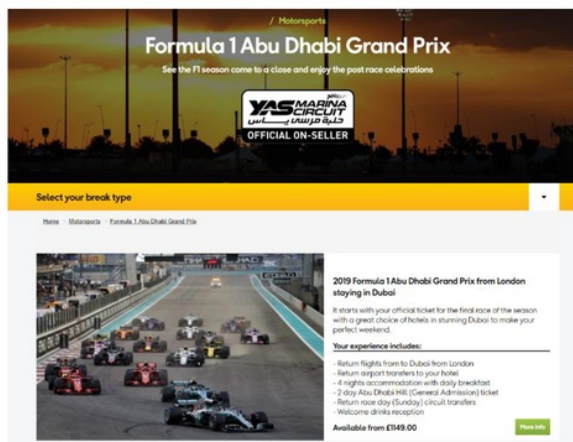
In the 21st century social trends and consumer behaviours have dramatically changed, and this means new approaches for businesses and organisations wanting to market their goods or services in order to continue being successful. ("Experience Economy 21st century – Science of the Time", 2017)

Motorsport is directly affected by this, with the growth of the middle class (Media, 2019) people have more disposable income and this presents an opportunity for market Good point motorsport.

If experience or getting the best experience for your money is a social trend, then companies must work together in order to provide the best customer experience possible. Good point

Thomas Cook Motorsports creates international package deals for Motorsport fans. Here's an example of a package deal on the Thomas Cook website-

Figure 2.0 is a screenshot taken from the Thomas Cook Motorsport website ("Thomas Cook Sport", 2019)



Thomas Cook are working alongside the Formula 1 management in order to market the experience of a race weekend to the best of its ability.

When marketing experiences, the entire trip is usually planned by the organisers to give the impression of a hassle free, organised trip away. This trip to Abu Dhabi includes flights, transfers, accommodation, tickets and further transfers and drinks after the race- it's everything you need to solely concentrate on enjoying the experience- all from £1149 per person. ("Thomas Cook Sport", 2019)

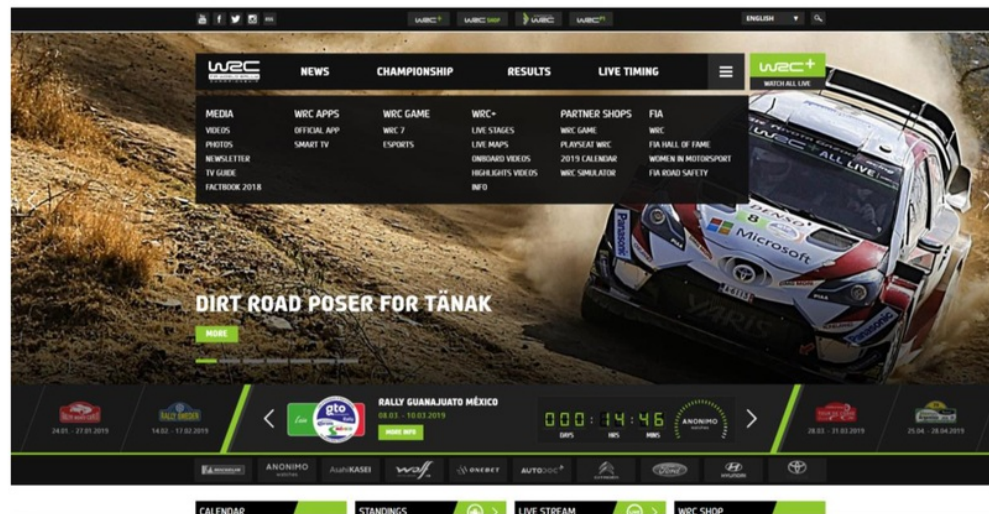
Thomas Cook have reacted to the social trends occurring in the 21st century and have created a marketing strategy for experiences. To compare, do you think a motorsport fan would spend £1149

on a car (object) or an experience of a lifetime? Furthermore, Thomas Cook benefits from being a globalised company – (ties with different countries through its well established travel company) Therefore, the business will benefit from liberalisations – whereby there will be less barriers for them to cross between countries in order to complete the safe transfers of people enjoying their experiences.

Sometimes a good experience is labelled as an easy one- whereby there is little interruptions and things can be completed quickly and easily. Social trends and customer behaviours in the 21st century show us that people are taking the easier, faster options in shopping for goods, sourcing information, sending their items etc. The online experience and ease of use for customers is very popular. Shopping online, ordering a pickup delivery and sourcing information about something can be done quickly and easily at the touch of a button- making the shopping, sending and sourcing experience better.

The WRC (world rally championship) have recognised this trend of customer behaviour and have adapted their online experience- website to suit the customers needs and wants.

Figure 3.0 is a screenshot taken from the WRC website ("WRC.com® | FIA World Rally Championship | Official Website - wrc.com", 2019)



The WRC have improved their online service hugely from recent times in order to impress the customers reaching their site. The website offers links to all social media sites, WRC apps for smart phones/tablets, WRC gaming, WRC+ (live coverage outlet), shopping and the governing regulations.

The WRC have invested in their research and development and used analytics / data to provide a website with all the most popular searches or needs the customers- fans would want.

The website is an experience itself- the WRC have launched their very own live coverage network which you can pay a subscription to sign up to. The live coverage allows fans to keep 'up close and personal' with all the action including interviews, in-car footage live, stage times and telemetry which gives all subscribers a fabulous impression of the sport from anywhere in the world- through their iPhone, smart TV or laptop. By identifying the experience trend, not only does it benefit the fans, but helps to promote the WRC as a global brand and creates more capital for investment going forward. ("WRC.com® | FIA World Rally Championship | Official Website - wrc.com", 2019)

In more recent times, Formula 1 has been focussing on its overall fan experience- both at the event and at home. Liberty media took over the F1 scene at the end of 2016 and set about improving the overall experience for fans. Some improvements to the fans experience at the event is as follows; On track interviews, VIP or guest experiences, team radio on tannoy / radio listening systems, free on track WIFI and more entertainment / prizes available. Good point

Liberty have worked hard on creating a better atmosphere for fans, inspired by the Super Bowl atmosphere, they plan to make Formula 1 in some way's festival like with lots of things happening for everyone's entertainment. The following quote is taken from a reporter of DriveTribe who experienced the Montreal grand prix in order to see what Liberty had managed to improve. "Entertainment can easily be found all around the circuit. One stall challenged fans to form teams and try to race each other in changing the tyres on an F1 car. While another stall, sponsored by Montreal Impact soccer team, invited people to don zorb balls and smash the living daylights out of each other. The idea of trackside entertainment isn't exactly a new one, but it did feel like there was an extra effort put into it this year. Overall, the atmosphere was electric, no doubt aided by the Montreal locals, who embrace F1, and the fine history of the Circuit de Gilles Villeneuve. Some F1 weekends always feel this way. Montreal, Spa, Silverstone, they're the ones we need to keep - the kind of weekends that feel like a hybrid between a music festival and a Grand Prix." ("5 ways the fan trackside experience is better since Liberty Media took over F1 | DriveTribe", 2018)

Liberty haven't just improved their on-track experience for fans, recognising the customer demand for up-to-date, live action at your fingertips through android, google play and IOS popular accounts.

"The app - out now on the Apple App store and Google Play store - will allow our loyal fans to increase their access to the sport they love, as well as control the content they want to see anytime and anywhere, on their personal devices." ("F1 TV launches app to enhance fans' viewing experiences", 2019)

The F1 app will provide live on demand feed for fans streaming each race, including multi language commentary, with access to all 20 onboard cameras – to be as close as possible to the live action. Premium subscriptions will have access to extended race, qualifying and practise highlights not to mention being able to compare drivers in battle mode and view their telemetry. Furthermore, upgrades will be made to the app as the season progresses, giving updates on team positions, new parts their bringing to the events and so on. Again, a huge effort in improving the fan experience to facilitate for the social trend than is the experience era.

Frank Arthofer, Director of Digital, Licensing and New Business said: "The launch of the F1 TV app is part of the continuing development of content availability which is aimed at putting the fan at the heart of the action on the circuit. We want to provide the best content for our fans, available on their devices so that they can enjoy, and crucially, select and follow which of their heroes they want to follow during a Grand Prix. This is technically innovative and aligns with our sport's DNA: extreme innovation at the service of the fans." ("F1 TV launches app to enhance fans' viewing experiences", 2019)

Figure 4.0 shows an example of the app during a battle mode of drivers (16)



Finally, the point which drives but also links back to the improvements in the motorsport industry for experience is sponsorship. Businesses looking to get involved are now wanting to receive a little more than just brand exposure back for their investments. They're looking for experiences- MSPORT world rally team in 2018 had the backing of the manufacturer Ford. Ford are a hugely successful business and investment in a reasonably small (in comparison) rally team would hardly topple them if things didn't work out. However, more than just the results and exposure- Ford expect experiences from linking with the chosen team. MSPORT take some of the specific Ford representatives ice driving at the beginning of the year- this gives the company experience on investment and keeps the relevant work force happy and motivated to continue.

2.4 – Conclusion

In conclusion, the effects of social trends and consumer behaviours on the motorsport industry over the years has had some huge impacts. From a materialistic era where people would buy the most popular items on TV or the cars, they saw their idols driving, to an era where experiences mean more than items- marketers are striving to further push the boundaries of the best experience possible for consumers.

Social trends are continuously changing which makes it extremely important for any industry to keep an eye on the customers desires.

ENDS

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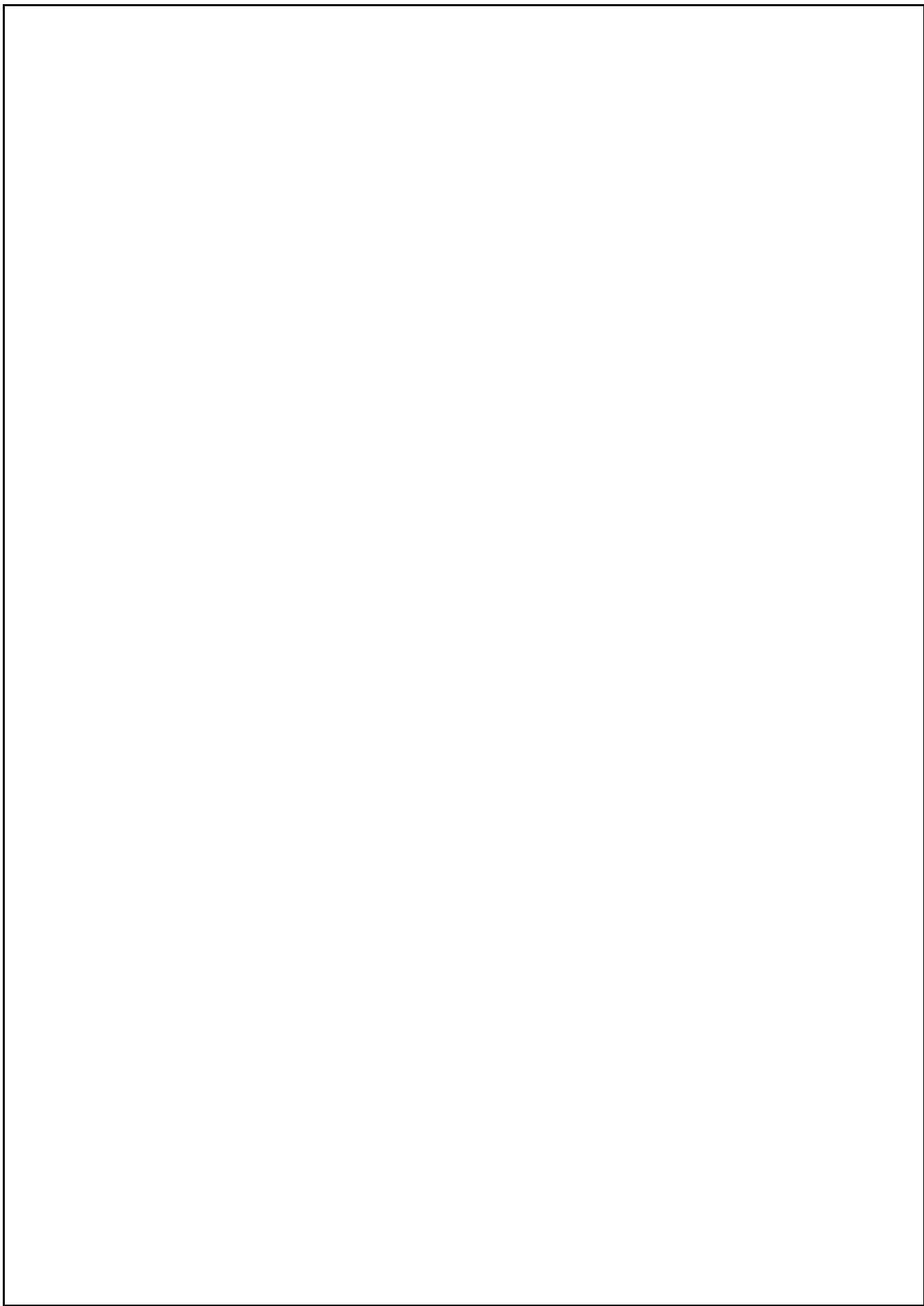
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Moodle additional Incorrect referencing



James Williams Social trends 2

GRADEMARK REPORT

FINAL GRADE

40/100

GENERAL COMMENTS

Instructor

Evidence of research but mostly entirely internet based with a consistent lack of engagement with essential reading. A number of potentially unreliable sources used.

A good understanding of the experience economy is demonstrated but understanding of globalisation is lacking.

No real analysis, largely descriptive with no presentation of arguments from contrasting perspectives. Lots of arguments opinion based with no factual evidence in support. Weak conclusion.

Well-structured but lack of in text citations.

PAGE 1



Comment 1

Business Dictionary is generic. It would be far more appropriate to use a recommended text for this definition

PAGE 2

QM

Stylistics

Stylistics. Academic reports should be written in 3rd person not 1st person

Additional Comment

questions should not be posed in academic writing

QM

Stylistics

Stylistics. Academic reports should be written in 3rd person not 1st person

QM

Citation Needed

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PAGE 3



Comment 2

advantage??? or opportunity

PAGE 4



Comment 3

opinion. not supported with factual evidence

PAGE 5

PAGE 6

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Good point

Good point

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Good point

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PAGE 8

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Good point

PAGE 9

PAGE 10



Unreliable source

Whilst this is quite useful for a general knowledge of the subject, it's not a credible source to reference.

Additional Comment

Is this a credible source?



Unreliable source

Whilst this is quite useful for a general knowledge of the subject, it's not a credible source to reference.

Additional Comment

Is this a credible source?



Comment 4

Is this a credible source?



Unreliable source

Whilst this is quite useful for a general knowledge of the subject, it's not a credible source to reference.

Additional Comment Is this a credible source?

PAGE 11



Incorrect referencing

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