

Daniel Tate Global Experience Age

by Daniel Tate

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

Changing Consumer Behaviour

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Social Trends and Consumerism

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1.0 Introduction

Consumer behaviour is best defined by the oxford dictionary of media and communication as “The processes involved in the purchase and use of products or services by individuals or particular demographic groups. For example, why people buy a particular product, their decision-making processes, or the desires and needs that products address.” (Chandler & Munday , 2011)

The motorsport industry is very niche. It involves many factors that produce an overall experience for the customer. When assessing the motorsport industry's approach to operation, there are an abundance of factors that have to be considered. This report will be addressing three factors that can alter the way the overall sale or experience is perceived by the consumer. One of these factors is the growth in the experience economy and how the consumer is expecting a very prerogative and long-lasting overall experience. The other factor that will be discussed is how the motorsport industry implements International development and how the globalisation of a race series or event can affect consumer behaviour. This report will also cover how comprehensively these dependent factors can alter profit margins. This report will also cover how ageing population within the motorsport industry is constantly being evaluated and altered to ensure maximum customer or consumer needs are met.

2.0 Experience Economy

The term experience economy was first introduced in 1998 in a Harvard business review article by Joe Pine and Jim Gilmore. The article explains how the progression in the economy has led to more experience orientated goods, rather than the traditional materialistic goods that were commonly sold beforehand, the article describes how... *"an experience is not an amorphous construct; it is as real an offering as any service, good, or commodity. In today's service economy, many companies simply wrap experiences around their traditional offerings to sell them better. To realize the full benefit of staging experiences, however, businesses must deliberately design engaging experiences that command a fee."* (Pine & Gilmore, 1998)

Experience Economy is very prominent within the motorsport industry. Experience economy can be altered in many ways to improve the overall experience for its customers. The motorsport industry can be segmented into three prominent subsidiaries these being; the paying public who are wanting to watch the race, those paying for a product (such as a paying driver) and lastly, Business that are selling to other businesses within the industry (B2B). Customers are often swayed in a certain direction because they are getting a better overall service or package, a prime example of this can be seen when circuits are selling tickets to customers. Figure one below shows Silverstone circuits formula one package deals that are available to the paying public.

COMPARE OUR TICKET PACKAGES		
TICKET PACKAGES	WHAT'S INCLUDED?	TICKET PRICE
General admission	• Choose to attend on Friday, Saturday, Sunday or on all three days • Change your location throughout the day and make the most of all our viewing banks • Plus, receive a rowing grandstand seat on Friday – this means that you can take your pick of all the available grandstand seats	From £55
Bronze Grandstands	• Choose a three-day option or attend on Sunday only • Receive a rowing grandstand seat on Friday and Saturday in all grandstands • Receive an allocated seat in your chosen Bronze Grandstand on Sunday	From £245
Silver Grandstands	• As above, but receive a Silver Grandstand seat on Sunday	From £245
Gold Grandstands	• As above, but receive a Gold Grandstand seat on Sunday	From £255
Gold Plus Grandstands	• As above, but receive a Gold Plus Grandstand seat on Sunday	From £285
Platinum Grandstand	• As above, but receive a Platinum Grandstand seat on Sunday	From £395
Platinum Plus Grandstand	• As above, but receive a Platinum Plus Grandstand seat on Sunday	From £370
Club Silverstone	• Three day allocated seat in the Platinum Becketts Grandstand • Three day car park pass • Access to exclusive Club Silverstone area behind Becketts • Free WiFi	£559
T1 Enclosure	• Three day allocated seat in the Abbey Grandstand • Three day car park pass • Access to exclusive T1 Enclosure area behind Abbey • Free WiFi	£559
Hospitality	• 8 different packages to choose from • Choose to attend on Friday, Saturday, Sunday, a two-day package or a three-day package	From £125+VAT (based on Friday Woodcote hospitality)
Enhance your experience with Inner Track and FastTrack – all of which are available to purchase as an add-on during the booking process.		

Figure 1.1 Screenshot taken from Silverstone website (Formula One prices) (Silverstone Circuit, 2019)

The motorsport industry has focused its attention on providing its fan base with more enhanced viewing opportunity, this may include package-based deals, for example as seen in figure 1.1 those who are buying tickets for the race, have a broad range of ticket types to choose from, each improving the overall experience.

Experience economy has very strong links to globalisation. An example of this is how easy it is to obtain international race tickets. Below shows figure 1.2, a screenshot taken from Motor Sports Travel's website, this company specializes in overseas motorsport excursions with every aspect of the trip being convenient for the consumer, this may be fast track tickets or hospitality at the event.

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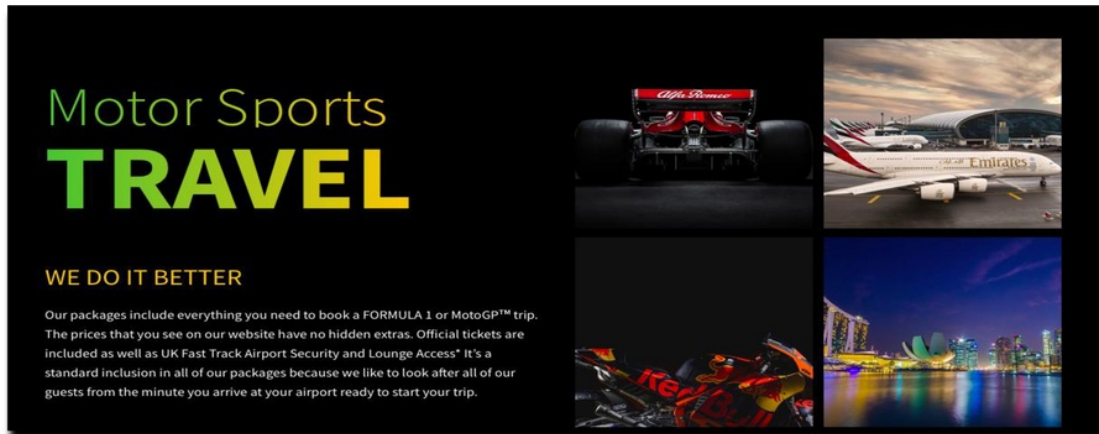


Figure 1.2, A screenshot taken from Motorsports travel website (Motor Sports Travel, 2019)

In January 2017 the American company Liberty media Group bought the Formula One Championship. At the time of buying the championship, Chairman and CEO Chase Carey commented *"I am excited to be taking on the additional role of CEO. F1 has huge potential with multiple untapped opportunities."*

"I have enjoyed hearing from the fans, teams, FIA, promoters and sponsors on their ideas and hopes for the sport. We will work with all of these partners to enhance the racing experience and add new dimensions to the sport, and we look forward to sharing these plans overtime." (Bradley, 2017)

Since the takeover in 2017 Carey has tried to improve the overall experience for the championships fan base. Carey has introduced various enhancement applications that improve the overall viewing experience, for example Formula one TV and The official Formula One App. According to an article in the Independent by Phillip Duncan, Carey *"spoke of turning races into 'Super Bowls' with a week-long build-up at each of the events."* Carey further goes on to say, *"we want to put an organisation in place which allows us to grow the sport to its potential by making the events bigger, building media platforms which connect to the sport's fans, and create marketing organisations that tell the stories and make the drivers the heroes."* (Duncan, 2017)

After the sale of Formula one by Bernie Ecclestone, Liberty Media Group instantly invested in social media marketing and promotion. The Group also invested into various other sectors that would provide there fanbase with an overall better experience, for example, most race weekends feature a fully stage show, often played by successful mainstream and local artists. Although fans are getting more for their money, Carey has

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still come under some criticism, mainly due to the magnitude of the changes he has made. Some believe that Carey's approach to expansion is too forced and is moving away from the sport's original intentions, that being the race.

Citation Needed

Motorsport as a whole is a very unique and interesting sport. It doesn't follow a specific set of rules that are imposed across the board but has individual rules to suit different series. Motorsport events can offer fans a different experience with every series, some prime examples of this being the difference between a Rally styled race (over stage times), an endurance race (over total time) or a formula/more traditional styled race (set laps to complete) and many more. The motorsport industry tries to improve its fans experience by providing analytical data such as tyre temperatures and G forces. Analytical data as seen in figure 1.3 below allows fans to see what is happening with the car and drivers, improving the overall experience whilst sat at home.



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Figure 1.3 shows how much data can be provided, screenshot taken from Sky Sports F1 coverage of qualifying for the Singapore Grand Prix (Sky Sports F1, 2018)

3.0 Globalisation

“Globalisation is the more or less simultaneous marketing and sale of identical goods and services around the world. Use of the word in this business context is alleged to go back at least as far as 1944, but its first very visible appearance was in the writings of Theodore Levitt a professor of marketing whose article published by Harvard Business Review in 1983 was entitled “The Globalisation of Markets”. In it he foresaw “the emergence of global markets for standardised products on a previously unimagined scale of magnitude”. (The Economist , 2009)

CSM Sport and Entertainment’s 2018 report states, *“Motorsports as a sponsorship and marketing platform has seen significant changes in recent years. There are more brands in motorsports than ever before, and with a number of entry points for brands looking to work within their budget, motorsports is a valuable breeding ground for brands that want to grow. (CSM, 2018)*

CSM further goes on to estimate that the Motorsports industry is worth around ‘\$5.75 billion globally per year.’ within the last five years the motorsport industries overall revenue has grown by 12 percent, and since 2011, overall revenue has increased by \$1 billion. This shows how successful and prominent the industry is. Companies sometimes use motorsport as one of their main marketing strategies. Vehicles plastered in sponsorship logos are seen from low level club racing all the way to the pinnacle that is formula 1.

Large companies such as Rolex, Mobil 1 and Johnny Walker are often promoted around the race circuit and have a large televised presence. These brands pay large amounts of money to promote their image through the series. According to an article on raconteur, ‘in 2013 Rolex became the official time keeper for the formula one championship at an estimated worth of £23 million per year for 10 years.’ (Smith, 2018) These statistics prove how valuable the industries large consumer reach Good point

Companies will often use strategic marketing towards their target audience to improve their overall profits. Companies previously mentioned, choose to market within the industry because according to CSM’s article, on average ‘63% of motorsport fans are male, and the average age is 48.’ (CSM, 2018) For brands such as Rolex and Johnny Walker this is there prime target audience, therefore incorporating motorsport into their marketing strategy is a high priority.

A prime example of globalisation, is the introduction of the newly designed Rokit Williams Formula One Car for the 2019 season. The Williams Car previously had Martini as its main title sponsor, but in early February

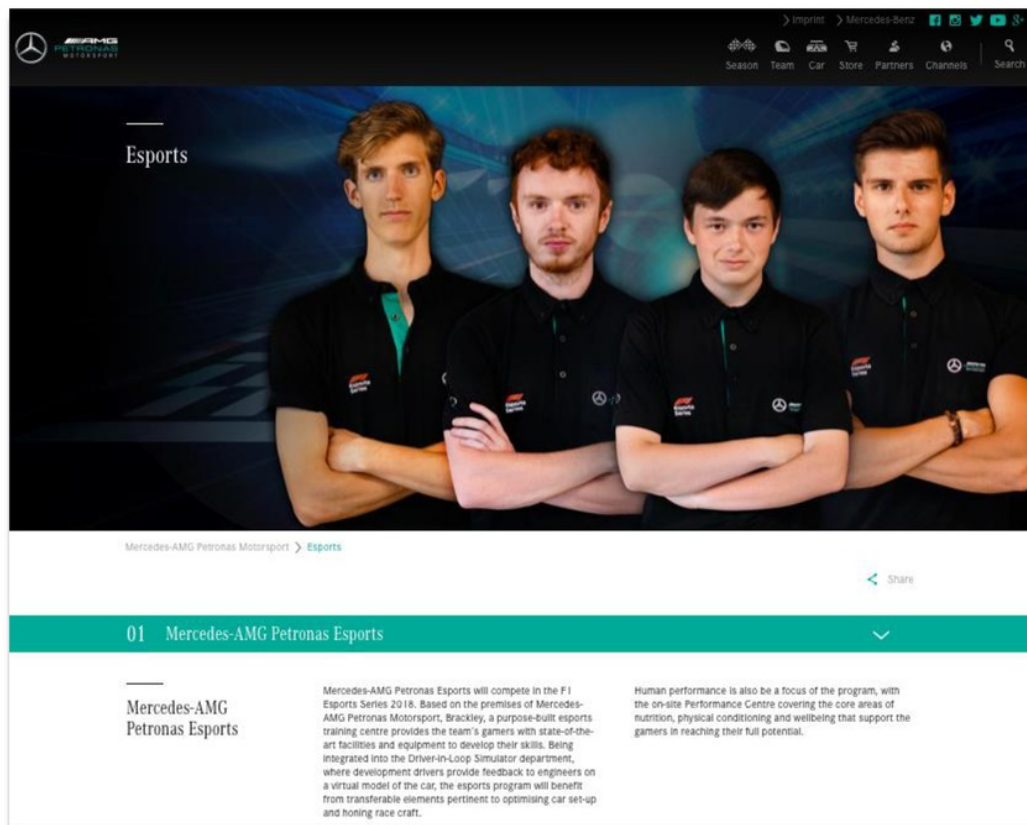
2019 Williams Introduced a new title sponsor this being Rokit. Rokit is a very small up and coming telecommunication company that is trying to expand worldwide and has only released two phones to the UK market. Formula one and other international series provides companies such as Rokit with a massive potential fanbase especially within the 20 countries that are hosting the spectacle.

Although Championships such as The Formula one championship, The World Touring Car Championship (WTCC) and the Blancpain Endurance championship have a good series structure, they are still wanting to expand. The formula one championship has expanded at an unbelievable rate. The series now has 21 races compared to the 2000 season where there was only 17, in 1980 the formula one season only had 14 races. The expansion of these various series is mainly due to the improvements in logistics technology, such as air and sea freight capabilities. Another championship that is trying to improve and increase its global image is Nascar. In 2012 Nascar sanctioned the Euro Nascar championship allowing the series to use the companies name and logo. The series is recognised and sanctioned by the Fédération Internationale de l'Automobile and the championship is still operating and expanding around Europe.

4.0 Ageing Population

According to CSM's sports and entertainment article the average motorsport fan is 48 years old and only 25% of motorsports fan base is aged between 18 and 34. This is a very worrying statistic **Good point** industry, as it shows that the millennial and younger fan base is declining. To ensure the longevity of these motorsport events there must be a solid foundation that is put in place to ensure that the championship is appropriate and interesting for all age categories.

One way how the motorsport industry is adapting to suit the millennials needs, is the implementation of motorsport based Esports Championships around the world. Championships such as E **Good analysis** F1



Esports championships are often highly contested and often allow young driving talent to progress into real life motorsport championships. Drivers within this series use computer-controlled simulators and compete against fellow racers online. Major Teams like Mercedes AMG Petronas are investing heavily in these drivers. As seen in a screenshot taken from the Mercedes AMG Petronas website below.

Figure 1.4 Screenshot obtained from Mercedes AMG Petronas's website (Mercedes-AMG Petronas, 2018)

The Esports styled championships are very professional and are taken just as serious as the championships on which it is trying to replicate.

One of the most successful development tools within the industry is the Nismo GT academy. The main point of the academy is to discover talent using simulators and progressing into real life vehicles and compete at the highest level. Academy's like this are a necessity to the industry, as it provides not only new driving talent but also gives the industry a whole new fan base. The development of simulators and virtual reality has vastly improved the generic motorsport fans overall perception of the sport.



Figure 1.5- Nissan GT academy championship example. (GT Academy, 2013)

The motorsport industry has been greatly affected by the social media revolution. Although CSM's article states that the average 'motorsport fan is 48 and male' (CSM, 2018) there is a counter argument that suggests if you consider the amount of videos that are watched on social media and other media services, such as YouTube, there is a larger motorsport fanbase than ever before. This rise in social media marketing has a direct correlation to ageing population, the younger generation are commonly opting to use the internet to view vehicles racing rather than going to the track or watching on traditional televised platforms. As stated before Liberty Media introduced Formula one TV to entice the younger generation making it accessible to stream online.

5.0 conclusion

The needs and wants of the consumer will always be a prominent factor when determining how successful a business or in this case a championship is. The introduction of the experience economy allowed motorsport as an industry to thrive, this is because the industry much like any other sport is based on the experience of going to or watching an event.

The motorsport industry can also implement the use of globalisation that can covertly run alongside the expanding experience economy. A prime example discussed is the use of package deals which allow a consumer to buy a race experience abroad. With new ideas being introduced and implemented every year, the future of the 'race weekend' is more likely to change into a more commercialized festival like experience.

With respect to the ageing population, a more commercialized event can be both a negative and a positive factor. Given that the average age of a motorsport fan is 48 years old, it will be hard to change the fans perception of the sport, of which they have followed for previous years. However, the younger generation of fans such as millennials and generation z can often adapt quickly to changes, one example being the implementation of digital and social media over the last 10 years.

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72/100

GENERAL COMMENTS

Instructor

Well-researched industry specific examples combined with with good use of recommended course material.

Very good knowledge and understanding of topic demonstrated.

Good analysis with arguments presented from a number of contracting perspectives.

Well structured, referenced and presented.

Very good work. Well done.

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