

Motorsport Management

by Todor Stoykov

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Social Trends & Consumerism (M5X01285)

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Produce a written report that 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.

My report will reference the following trends:

- Globalisation
- Sustainability / CSR
- Digital Revolution / Third Industrial Revolution

Abstract

Globalization is a long and complicated process that started from the first interaction between human beings. (Mir, 2014) This process has effect on all parts of human's life from social, political and economical aspects. Today's technological advancement **Good point** the way people socialize, communicate and share knowledge which increases the globalization process. Moreover, the easier access to information nowadays leads to raised social awareness among people. This makes social responsibility planning have a major role and impact on marketing strategies. The irreversible process of technological advancements and digital revolution provides the opportunity for a whole new industry in motorsport sphere. This report will evaluate the influence that globalization, sustainability and digital revolution have amongst the consumers in the motorsport industry.

Introduction

In today's rapidly changing and global market in a connected world it is from a big difference to search for new opportunities, new audience and consumers. Moreover, the motorsport industry is growing at a rapid rate with series around five continents, drivers from many different countries so as teams and manufacturers competing. At this rate the motorsport industry is truly a global \$6 billion industry. (Commercial trends in Motorsport, 2017) Living in a modern world where people are environmental **Good point** makes social responsibility have a major role in the motorsport industry as it leaves big carbon footprint. To continue with, great effort has been made in the past decade to make the motorsport industry more environmentally friendly and the success has already being accomplished. Third industrial revolution has grown significantly in the recent years and has developed a big fan base and research shows that almost half of the motorsport fans are interested in electronic sports which in motorsport perspective are simulation races.

Globalization of Motorsport

As people become more and more connected and global, this creates opportunities for new markets and whole new auditory. This paragraph will reveal the impact that the globalization process, new markets and customers have on the history of decision making in Formula 1.

Originally the series started in Europe back in 1950 and the first season had seven Grand Prix races from which six were held in Europe and one in the United States of America which appears to be one of the oldest races in

the world – the legendary Indianapolis 500. (Tremayne, 2013) Even though the race was in the calendar, no one actually chose to sign up for it. In the early years of the championship the European market had the biggest influence with Grand Prix races in Great Britain, Monaco, Germany, France, Italy and Belgium. Moreover, in the 1950 Formula 1 season 85.7 per cent of the events were held in Europe. (Tremayne, 2013) As technology advanced through the years and the world became more Good point w markets emerged and Australia, Mexico, Brazil, Japan and South Africa joined the calendar. Furthermore, by the year of 1995 the per cent of the European held Grand Prix races has dropped to 64.7 with six of the seventeen rounds being held outside Europe which made the series international. (Tremayne, 2013) By contrast, nowadays the calendar has grown significantly with 21 races from which only 9 are held in Europe. Newly made racing circuits in Austin, Abu Dhabi, Singapore, and Sochi are one of the many other foreign venues in the calendar which begin to gain an excellent reputation of hosting great races. Moreover, the modern race tracks hide a different level of investment compared to the classic European ones with futuristic grandstands and infrastructure and providing brilliant hospitality and burning passion for the sport from the local enthusiasts. (Blake, 2015) These new venues provide opportunities for fans living outside Europe to attend the legendary Formula 1 races and also make room for new sport tourism for the fans. In today's advanced world it is possible to fly anywhere across the globe in half a day, which makes it possible to experience different cultures while attending a Formula 1 Grand Prix all in the time of a weekend.



1 Australia 17 MAR	12 Hungary 04 AUG
2 Bahrain 31 MAR	13 Belgium 01 SEP
3 China 14 APR	14 Italy 08 SEP
4 Azerbaijan 28 APR	15 Singapore 22 SEP
5 Spain 12 MAY	16 Russia 29 SEP
6 Monaco 26 MAY	17 Japan 13 OCT
7 Canada 09 JUN	18 Mexico 27 OCT
8 France 23 JUN	19 USA 03 NOV
9 Austria 30 JUN	20 Brazil 17 NOV
10 Great Britain 14 JUL	21 Abu Dhabi 01 DEC
11 Germany 28 JUL	

*Subject to FIA approval

In today's expansion demanding global financial market it is of big importance to revise the traditions of any business. (Blake, 2015) Moreover, the Formula 1 organization is no stranger to this; it is known that the series cannot afford to rest on its previous success and it needs to seek for new audiences, new opportunities on different continents around the world. Furthermore, the appearance of Vladimir Putin at the first ever Russian Grand Prix at Sochi only proves the fact that countries like Russia that only recently opened their doors for the world and that have never been seriously related to the sport, now have the fastest growing fan base, with Russian drivers joining series all around the world. (Blake, 2015) Russia showed that they are more than keen to welcome the Formula 1 community. To continue with, sports like football and rugby have grown to become intercontinental and host successful venues all around the world over the past couple of decades. This is something Formula 1 is on the correct path of succeeding in as well.

Sustainability in Motorsport

In the modern world of raised social awareness, stake holders and brands in the motorsport industry are assumed to set a good example and use the sport as an instrument to make a social change for a better and environmental friendly world. This paragraph will address the emission free future of the motorsport industry.

As recent as 2014 the Formula 1 world series had its biggest regulations change in terms of sustainability by introducing hybrid engines, so it could help car brands with developing this new technology and at the same time decrease the carbon footprint that the race cars make on every venue. (Commercial trends in Motorsport, 2017)

Formula E is the first racing series in the world that holds all its races on city circuits and more interesting it is the world's first full electric racing series. This series combines great rivalries on the track with pure electric performance and renewable energy. (Sustainability of Formula E, 2016) Moreover, Formula E is new to motorsports, giving the sport a fresh beginning to a new innovative and sustainable future that concerns the environment. Furthermore, the idea of the Formula E series is to fight climate change by offering race venues on the streets of the big city centers with fully electric vehicles. This also addresses the air pollutions in the cities and helps developing technology trying to eliminate the barriers to the electric car market.



The FIA Formula E series promotes the use of battery-powered vehicles in city centres.

Formula E is based on the idea of being a test field for the major leading car companies for technology innovations and sustainable development as well as pointing out the environmental issues. (Sustainability of Formula E, 2016) To continue with, the series represents the future plans with fighting the climate change and spreading the idea of sustainable transport. Although they understand that pushing technology into the electric era means that the power used to make all this come true needs to be low carbon too. The concept of sustainability for the series is to minimize the carbon footprint they produce and make a positive result on people and on the planet. To continue with, since the all vehicles are fully electric in the Formula E race, the energy that is used during a racing weekend is 100% renewable. (Sustainability of Formula E, 2016) Moreover, Formula E uses special hybrid tires made by Michelin, these tires could be used in every weather conditions and the best part is that the tires can last the Good point and are recycled at the end of the day. Important part of the series' futurist vision is the locations of the venues. All Formula E races are located in big city centers all around the world, for instance Mexico City, Paris, Berlin, Hong Kong and NYC which makes fans access easier and more exciting than ever. (Sustainability of Formula E, 2016) Also one of the main reasons for all races being located in the heart of the cities is to encourage spectators to use public transport to get to the race. Furthermore, for this very reason there are no parking lots for spectators like on normal racing circuits. The Formula E calendar is carefully planned and split into groups region by region in order to minimize the size of the load in order to use more boat transport or road logistics and using less place. Speaking about logistics, although no carbon emissions are produced during the racing weekend because the Formula E cars are fully electric, while moving the freight between races location CO₂ is made by the transporting vehicles. (Sustainability of Formula E, 2016) Furthermore, Formula E's organizers are aware of that fact and they are

actually planning how to lower the emissions produced by the logistics companies every season. The futuristic views and ideas don't stop here because Formula E wants to increase the employee awareness and reduce the environmental impact produced every year by improving their office facilities. (Sustainability of Formula E, 2016) Moreover, they plan to meet and even overtake the social and environmental laws each season. With that said, the series promised to make at least one scientific study after each season that will be formed with sound data and will be publically available.

Digital Revolution and the future of Electronic Sports

The fast growing eSports industry is being discussed a lot, as the electronic sports have big fan base and in long term plan, motorsports may clash with eSports in competition for the fans attention and sponsor acquisition. (Commercial trends in Motorsport, 2017) Furthermore, eSports are still in an early development process in terms of advertisement but some motorsport organizations view this as a way to engage a younger audience. For example Nissan partnership with PlayStation brought to life the GT Academy together giving opportunity to young talented drivers to become professional racing drivers. Moreover, this spread awareness in fans' eyes that actually the skills required to drive in real life are very similar with the ones players using to race on simulators which is unlike any other Electronic Sport. (Sim Racing business , 2018)



GT Academy drivers compete on the PlayStation
Photo by: Press Image

Furthermore, this program showed great success turning gamers into race winners in the real world. The most important organization in motorsports, the FIA developed a full licensed racing series and events together with the simulator Gran Turismo Sport which is the same game responsible for the GT Academy. To continue with Formula E organizes parallel eSports venues during all of the series races. (Commercial trends in Motorsport, 2017) New platforms are being introduced frequently with rFactor 2 being the most dynamic one and brilliant for longer races. Moreover, this platform was used for an electronic race venue created by Formula E and Visa in Las Vegas which grand prize was \$1 million. (Sim Racing business , 2018) This is by far the largest prize for a simulation race in the history for now, more importantly the race was actually made to put professional real life racing drivers from the Formula E series to compete against sim races. Racing was closer than ever, for example Formula E driver Felix Rosenqvist went home with \$100k and was actually pretty happy about his result. (Sim Racing business , 2018)



Felix Rosenqvist, Mahindra Racing at Vegas Erace event
Photo by: LAT Images

Game publishers are set to be the key to future revenues as the eSports industry and market is gaining more ground. For stakeholders and brands in the motorsports industry, eSports represents a good chance to gain access to an important new demographic. (Commercial trends in Motorsport, 2017)



43%
OF MOTORSPORT FANS ARE INTERESTED
OR VERY INTERESTED IN ESPORTS

Source: Nielsen Sports SDNA

Conclusion

In today's connected world without borders in the manufacturing industry it is impossible to not expand on international level in the motorsport industry, people travel globally on any location for less than 24 hours. The demand for the sport is stronger than ever on different continents and countries with new audience and opportunities knocking on the door from every part of the earth. A successful motorsport organization should be ready to expand anytime nowadays with the new markets available globally. Another big issue regarding the current market is the social responsibility planning which should be accounted as nowadays social awareness for the environment is increasing significantly, the pollution produced from the venues should be decreased as much as possible and sustainability should be part of any motorsport association for the future. To continue with, the irreversible technological advancements provide opportunity for the Electronic Sports industry to grow at incredible rates and simulation racing seen as inevitable part of motorsport future which creates a whole new audience and

Good point

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Motorsport Management

GRADEMARK REPORT

FINAL GRADE

59/100

GENERAL COMMENTS

Instructor

Well-researched but a lack of engagement with essential course literature or equivalent.

Very good knowledge and understanding of how these social trends Impact Motorsport.

Generally good analysis and the opportunities are presented very well but needs more discussion on the challenges of these social trends also.

Well-structured with good layout.

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