SPONSORSHIP IS A business marriage, replete with all the perks and quirks imaginable. And if you decide to walk down this aisle, you’d better know what you want out of the deal before you get into it—or run the risk of a messy divorce.

Expectations must be well thought out, include “what if?” options, be based on robust research, and then contractually written with specific goals that establish clear options and consequences if things go wrong.

Whether involving a race team, motorsports venue, series or event, an effective sponsorship program is all about preparation, activation and operation. Appreciate that winning in the sponsorship game does not require a checkered flag, or even a podium finish when one converts ad dollars into sponsor dollars. Some big “wins” happen before the green flag ever waves.

“For a sponsorship to really work, it’s really about return on investment (ROI). Defining the objectives of the sponsorship is the first step,” explained Tim Cindric, president of Penske Racing in Mooresville, North Carolina. “Is it about increasing sales? Is it something that can be measured? Is it to build brand awareness? Will it be positioned for internal purposes that can be used to motivate, entertain, or create unique life experiences for client or employees?”

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“This can include rewards for productivity, sales or other morale boosters,” he added. “These programs can be powerful motivators that create loyalty in the workforce. At the end of the day, people are the most important part of any business, and it must be something that is embraced and utilized internally.”

For Lucas Oil Products of Corona, California, some key points for sponsorship include marketing plus brand awareness in order to build a loyal fan base with consumers. “We have all seen racers go from hero to zero in one race season. Long-term strategy needs to be thought out, as many of these types of sponsorships may not yield to your expectations,” revealed Director of Motorsports Tom Bogner. “If you are new to motorsports, or sponsorship opportunities come in a variety of forms, from Forbes 500 mega-million-dollar branding in NASCAR to local establishments helping out a grassroots racer with a few hundred dollars. While passion is what drives motorsports, sponsorship keeps the wheels turning at race tracks every week.
Discover the key principles behind effective partnerships, and learn how some of racing’s most recognizable names structure agreements to ensure success and satisfaction on both sides of the table.

For Red Line Synthetic Oil in Benicia, California, sponsorship is about moving the needle. “We work with the teams to see which distributors, dealers or other channels have a direct impact from the team’s activity,” said President Cameron Evans. “The teams have learned that, and work harder to create sales and improve engine builder relationships.”

Keep in mind, too, that it’s important to extend awareness of the brand beyond a single segment of the motorsports audience. Mike Rose, director of marketing at Virginia International Raceway (VIR) in Alton, Virginia, explained that some race tracks, for example, can have particularly broad appeal. “VIR offers the opportunity for a company to reach a certain demographic that can be difficult to reach,” he explained. “We are a destination track with on-site lodging, fine food, multiple shooting ranges, and on-site product sales, so we can touch people all year long in differing markets: NASCAR, sports cars, karting, youth series, motorcycles.”

Rose warned against negatively impacting a company’s chances at conversion, or sales. At higher management levels, because of the glut of marketing noise, there is greater chance to turn off, not engage attendees in the sponsor’s message, so it’s important to be clear with a marketing direction.

“Racing allows you to make an emotional connection to the target demographic. One of the savviest demographics to a marketing message is the primary spectator of road racing. Businesses have the opportunity to reach decision makers in a credible venue at a credible time,” he said.

Fundamental Concepts

For those who have soured on the idea of sponsorship as a
result of being constantly barraged with poorly structured requests, Derek Daly believes the problem starts early, with emerging talent, discerning that there are plenty of people who learn how to drive fast, but stumble while trying to build a motorsports career.

“We started the Derek Daly Academy to offer the complete package, or complete champion,” said the former Formula 1 and Indy 500 driver. “The off-track requirements are as important as the on–track requirements, but without them, the on-track doesn’t happen.”

Indianapolis business owner Daly is hosting a seminar at the 2015 PRI Trade Show aimed squarely at educating drivers and parents on how to position themselves for success in motorsports. He knows all too well about the “glassy-eyed” parents who haven’t a clue on how to help their child construct a meaningful, critical career pathway to follow.

“Parents are the first sponsor,” stated Daly, “but they are emotionally intoxicated, and that clouds good thinking. How do you prepare to be ready for a call from Penske? We educate parents more than drivers. They are the decision makers that determine the support system their kids will have.”

Far from a celebrity sales pitch, Daly is personally mindful of this essential support system, since he has applied it to his own son Conor’s driving profession.

One parent of a budding racer is not worried one bit about a call from Penske: “I’ve seen how important it is to be a good racing parent and how distracting it can be if you are that bad one,” confessed Cindric about son Austin. “As his driving career progresses, I hope to be known as his father rather than him being referred to as my son.”

Daly pointed out that motorsports is a very targeted audience and, historically, a very loyal audience. “The key benefit is aligning your brand with the fan, so they become very connected to the idea that you are helping to support their interest. This should convert to more sales of your brand.”

Annamarie Malfitana-Strawhand, principal at Marketing At Full Speed in Virginia Beach, Virginia, equally recognized the tremendous lack of proper marketing education in motorsports for racers and sponsors. She successfully, repeatedly, assists both sides.

Citing relationship as the ever-morphing core upon which the best deals are built, she asserts that sponsors should first identify four key points required to develop a mutually beneficial affiliation:

Influence/Popularity: What level the driver/track/event/series has in the industry backed by “Social Proof” (tweets, followers, traffic, etc.).

Credibility: Success stories from other
companies, partners, or charities validating a positive impact by working with them.

**Programs:** Offer organized marketing packages at various levels of involvement that are ready to roll to provide great value quickly.

**Ready-made Customers:** Proof of a large interactive fan base that already purchases merchandise from them, or their partners.

“If you see these four items in place, you can expect the entity to be readily able to give you a return on your investment with good benefits,” stated Malfitana-Strawhand. “If not, keep looking.”

An example of being well prepared is “rookie sponsor” TI Automotive of Auburn Hills, Michigan. This OEM supplier partnered with Riley Motorsports and ViperExchange.com in the IMSA TUDOR SportsCar Championship.

“We initiated a technical and marketing partnership to increase the brand awareness and reach of our high-performance aftermarket products, expand our OEM global business, develop technology transfer between street and track, and increase brand awareness with a social media presence,” explained Frank Buscemi, global communications director.

Because its fuel pumps and air conditioning lines are installed on the race car, TI Automotive’s participation goes well beyond sticker placement. Less than a year into the deal, Buscemi has already seen some direct benefits: “We have added new OE high-performance vehicle program (contract) awards, expanded our aftermarket customers, and generated employee pride in the program.”

Because luck has little to do with such success, racing veterans maintain healthy respect for the process. Ben Schlosser, chief marketing officer at Richard Childress Racing (RCR) in Welcome, North Carolina, has watched teams implode or disappear altogether.
trying to come to terms with sponsorship.
“We never take for granted how hard
this is to get sponsorship,” volunteered
Schlosser. “How many calls do we get to
give us money? None!”

More than a decade ago, RCR hired
business, marketing and salespeople,
who did not have any racing
experience, but were effective communi-
cators. “We reach out to small and large
companies,” said Schlosser. “We present
a business case and solve a business
problem: Marketing, sales, morale initia-
tive, to gain channel distribution. Smaller
companies want to build visibility, cus-
tomer base and product use.”

Constructing Options

Simplest agreements are best. Grasp
that the bigger the deal, the more complex
and multi-tiered the relationship becomes.

“Create three levels of sponsorship
programs that are geared to create solu-
tions for your company,” offered Malfitana-
Strawhand. “Set up incentives from entry
level to the top level, so they will want to
grow into the bigger programs. Everybody
wins this way.”

Amazing as it may seem, sponsors
don’t camp on the Penske doorstep with
bushels of cash; Cindric is always on the
lookout for opportunities, and cites B2B
(business to business) as an expecta-
tion of many sponsors. “They are looking
for strategic ways to access the decision
makers within other companies to increase
sales,” he said. “Motorsports provides a
platform where many of the ‘influencers’
attend, which allows for introductions in
social settings that can lead to closer rela-
tionships and strategic alliances.”

Bogner agreed, and is deep into B2B
marketing as an avenue for sales within
the Lucas Oil target market: “I have
several race tracks that I sponsor cur-
cently selling Lucas Oil at every event.
This includes PA announcements as well
as on-track performance that drives the
racer and fan into purchasing.”

VIR tapped into its diverse visitor base
when BRM, a high-end timepiece, wanted
to reach more affluent businesspeople.
“They are not event based,” said Rose.
“We sell the product on site with a high-
end, point-of-purchase display to people
who visit multiple times.”

Daly believes that the fan’s emotional
connections to the athlete can drive sales:
“It’s paramount that the athlete be a direct
reflection of the brand values. In that way,
both sides have a vested interest to keep
the sponsorship going.”

TI Automotive staunchly believes that
racing is still a proving ground, and the
alluring imagery that accompanies it
is another perk to plot. “We are battle
tested,” revealed Buscemi. “Having our
product on the race car is a field validation
because 24-hour endurance races are the
toughest, and produce sexy, high-tech
images. This goes a long way to showing that we are forward-thinking and technically proficient—it has changed our entire marketing and advertising."

For Red Line Synthetic Oil, sponsorship and contingency programs in today’s marketplace is about retailers or shops providing proof of purchase for their racers. "Product awards are based on tracking back where the sales were generated," said Evans. "This method had a rocky start, but now everyone in the process understands and looks to local as well as national series as a source of business development to sell Red Line."

RCR’s Schlosser forewarns racers against overlooking nearby opportunities. "Don’t make the mistake of reaching out only to huge corporate sponsors; look to your local base, co-ops, business groups and car dealers associations," he suggested. "We are a national platform, but with regional and local activation."

At the 2014 PRI Trade Show, Annamarie Malfitana-Strawhand, a motorsports marketing mentor and sponsor attraction coach, delivered an hour-long seminar on how to obtain and retain race sponsorship that was so popular, a second seminar had to be added for later in the day to accommodate those who were unable to find seating.

**The Legwork**

Perhaps you’ve reached a point where you want to partner with a motorsports entity. Before you call for a meeting, in-depth research must be done on the driver/team/track/series and the people connected to it. Know who you are partnering with—personally and professionally. Picking the right one is almost as much work as developing the marketing plan, and it requires some outside help.

"Look for the ones who are really getting themselves out there big already,” suggested Malfitana-Strawhand, “and who will enable you to tag onto this momentum. This way, your support of them can be measurable if they help grow your social media and web visits."

She further advised checking all their social media—even the personal sites—to get an idea of character. This can be eye opening, and it offers better odds in getting the right representative for a particular brand. Your business needs to be connected with these online media powerhouses. It’s part of what Malfitana-Strawhand terms the “like, know and trust” factor.

"Every deal must be legally vetted," insisted Daly. "A lawyer will see the small
things that often get missed, especially when emotions factor in.”

Optimizing the motorsports sponsorship “experience” for small firms—or Fortune 500 companies—includes avoiding unintentional clashes.

“The series in which the team participates usually includes clauses in their rulebook that define what types of sponsorships are permitted,” Cindric noted. “There are often limitations due to conflicts with series sponsors, or in the case of local series, the track or event sponsor will require exclusivity for their business category to ensure their competitors can’t advertise at the same venue. All of these relationships have to be mindful of whether the sponsor is a good fit for the target audience or the team. The proper utilization of adult-oriented products such as alcohol or gambling sites are examples of this.”

You might really like a certain pair of shoes, but if they don’t fit right, trying to force the issue will almost certainly be a painful experience. Savvy race teams employ a sophisticated process that includes, among other things, lists of demographics of spending habits that help them identify niche sponsor targets.

“Be aware of how you might not fit,” said Schlosser. “We figure this out from research. There are companies to steer clear from because of past litigation or political history.” He added that RCR drivers know their livelihood is based on sponsorship, and that, for example, “a DUI, or sexual abuse charge can wreck a motorsports career.”

Lucas Oil’s Bogner always looks for partners with good moral values that reflect the company in the “upmost positive manner.” He explained, “I respect each racer as an individual. Yet hold them liable, same as a company employee. If the racers are not respecting the value of our business, I have a clause in my contract to terminate immediately.”

Key Elements

From Red Line Synthetic Oil’s perspective, the first sponsorship qualification for a racer is whether he or she currently uses the product. For example, its team sponsorships for drag racing’s Connie Kalitta and dirt late model’s Jimmy Owens developed out of a customer dynamic.

“We don’t sponsor teams in order to get them to switch brands,” Evans stated. “We find that the racer often sees that they can’t afford to change products when something is saving them money in the long run, or giving them a competitive advantage. The agreements we do are actually quite simple, so typically money isn’t part of the program.”

Penske Racing has one-page agreements, and some that require what looks like a book to define the relationship. All clearly define what’s expected from each
party, and they safeguard these expectations to ensure a meaningful relationship.

“Sometimes it seems very simple—put this logo on the car and we will pay you this much—but if certain details aren’t clearly defined, the relationship could quickly become disconnected,” said Cindric. “We utilize what we refer to as a ‘sponsor dashboard’ that constantly updates the sponsor on the tangible results that include the success of various activations, driver appearances, on-track results, television ratings, print and digital impressions.”

Successful pre-event deliverables should also be a core element of any agreement, because you can’t win every race. “Stack the deck to be successful before the green flag drops,” said Daly. “Front-end loading will help you when you don’t win, or don’t finish. It’s controllable, whereas race results are not; and be sure to have a ‘win plan’ that gets activated when the driver wins.”

Meantime, Bogner’s Lucas Oil sponsorship agreements specify driver, driver’s type of vehicles, series raced, and terms of the agreement: annual, or multiyear sponsorship, monetary or product (or both), “Driver and/or car appearances need to be specified,” he added.

Buscemi maximized TI Automotive’s partnership value by determining what it got for trackside amenities—transportation, hotels, travel, logistics, passes per race, hospitality, etc.

**Mitigating Trouble**

Every participant in this report was very clear about three key points for the wildly popular social media: engagement, monitoring and participation. With no end in sight, this emerging technology can help—or hinder—your plans.

Bogner manages hundreds of deals, and tracks whether fans are speaking highly of his contracted racers both on and off track. “If I see a violation I will not tolerate it for a second. Sponsorships are a big privilege and are becoming harder to obtain,” he said.

Schlosser, as well as Richard Childress,
understands that keeping customers is easier than finding new ones, and believe the biggest problem is dispelling the myth. “Our marketing group is as essential to the team as the guy building the motor. Sorting out problems can be intimidating, and you may need an outside agency, or to hire someone with specific skills to help you.”

Don’t expect a return on investment if you don’t fulfill your part of the deal—beyond money and product or service. “Get creative with the entity you are partnering with, because the sticker on the car and signage placement will not do the work for you,” said Malfitana-Strawhand. “Designate a point person within your company that takes care of the marketing communication and activation program, someone who works with a point person within the team or track/series. Risk is everywhere—be prepared. Good public relations reps are worth their weight in gold.”

Red Line Synthetic Oil rarely has problems with its teams, but when it does, they get called out with no delay. “Not jumping to conclusions is important, as an incident normally calms down, or the story changes as a few days go by,” said Evans. “The teams usually reach out to us if there’s a problem; we normally don’t have to learn of it through the media.”

Cindric is keenly aware that Team Penske is accountable for the actions of all of its employees, not just its drivers, and when they step out of line, it is a reflection on not just the team, but also its partners. “When this occurs,” he said, “we have to react quickly and decisively.” Describing AJ Allmendinger’s suspension in 2012 after violating NASCAR’s substance abuse policy, Team Penske was forced to release the talented driver, but did not abandon him. After Allmendinger completed the “Road to Recovery” program, he was asked to drive an Indy car and a NASCAR stock car in various races in 2013. Where some might distance themselves from scandal, the driver was grateful for Penske’s continued contact during his suspension, and that percolated into a remarkable second chance. “We felt it was our responsibility to help get AJ on the right path,” Cindric explained. “Drivers don’t just chase down checkered flags; they are human, too.”

Managing expectations effectively means front-loading the conversation: Understand what you get up front, and work within that scheme. “The race track is a fluid place, where a lot of different things are happening all at once,” said Buscemi. “Problems always arise, and good teams are prepared to deal with them as they happen. Racing changes all the time, so you have to be ready to be flexible and adaptable.”