Commercialization and Automobile Racing in the United States: A Case Study of the Rise of the National Association for Stock Car Auto Racing (NASCAR)

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NASCAR - the National Association for Stock Car Auto Racing - is the second most popular and commercially successful sport in the United States. When NASCAR was founded in 1948 in Florida, few people would have guessed it would be such a popular sport in just over a half-century. The purpose of this study was to analyze the history of NASCAR and determine the major factors for the sport’s success. The findings revealed that NASCAR became a popular sport because of its fundamental characteristics (i.e., fan friendliness, low-cost, fairness) and became a commercial success because of seven evolutionary efforts. The commercial success occurred through (1) building super speedways, (2) televising races, (3) attracting major sponsorship, (4) securing non-automotive stakeholders, (5) expanding races geographically and ethnically, (6) pursuing globalization, and (7) fostering a young generation of fans. In-depth explanations are provided for each evolutionary step. Insights and implications to develop Korean motor sport are also discussed.

key words: NASCAR, NASCAR history, CJ Super Race Championship, Auto Racing, Marketing Strategy, and Commercialization

Introduction

When Jimmie Johnson crossed the finish line at Homestead-Miami Speedway on November 16, 2008, he joined Cale Yarborough (1976, 1977, and 1978) as the only two race car drivers to claim the National Association for Stock Car Auto Racing (NASCAR) season championship for three consecutive years. A television audience of more than 6.5 million viewed Johnson’s historic moment (“NASCAR,” 2008).
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In the United States (U.S.), NASCAR has become the second most popular sport, just behind the National Football League (NFL), in terms of television ratings (Spanberg, 2008). One of the major cable television networks in the U.S. - the Fox Broadcasting Company - reached its highest rating (10.2%) for the 2008 Daytona 500 race among the NASCAR broadcasts whose average rating was 5.7% during the 2008 NASCAR Sprint Cup Series (“NASCAR,” 2008). Miller and Milton (2004) reported that in one year alone, about six million spectators visited racetracks for NASCAR events and another 275 million viewers watched the televised NASCAR races. In 2008, Fox and three other television companies (TNT, ESPN, and ABC) attracted a combined 254 million television viewers for NASCAR races (“NASCAR,” 2008).

In addition to the great popularity of NASCAR races and events among the NASCAR fans, NASCAR has been also highly successful in generating significant revenue through corporate sponsors (of racetracks, events, cars, teams, series, etc.) and television rights fees. Over the years, NASCAR has had title sponsorship agreements first with the R.J. Reynolds Tobacco Company (Winston Cup Series) for more than 30 years and then a 10-year contract for $750 million with Nextel (Nextel Cup Series). The agreement has continuously been effective after Sprint merged with Nextel and the title was changed to the Sprint Cup Series in 2008 (Smith, 2007). One of the recent contracts involved three American television networks (Fox, NBC, and TNT) agreeing to pay out a combined $2.8 billion in broadcasting rights to NASCAR. Another aspect of corporate sponsorship involves team sponsorship, where every major team sponsor spends between $3-million to $20-million annually to be associated with a particular racing team (Miller & Milton, 2004).

From the data and information provided above, it is clearly evident that NASCAR has become one of the most commercially successful professional sports in the U.S. When NASCAR was established in 1948, however, no one could have imagined that the sport would experience such popularity and commercial success. This was because the sport started out on small races on short dirt tracks (Fleischman & Pearce, 2004). Some of the races even occurred on the beach in the early years. Geographically, most NASCAR races were held only in the southern area of the U.S. until the 1970’s (Alderman et al., 2003). The first Daytona 500 - which has become the most popular event on the NASCAR season schedule - was held in 1959. In prize money perspective, the first Daytona 500 winner, Lee Petty,