

A Market Analysis for

(Company Name)

Formula One Group

(Student Name)

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## EXECUTIVE SUMMARY

This is an analysis summary for the Formula 1 Group, a global motorsports series that has seen sustainable growth and success over its 72-year history. The information shown in this summary highlights not only its financial success around the world but why the sport is unique and what areas of opportunity there are. The report highlights an understanding on how fan engagement through dynamic social media strategies can return not only profit but ultimately more fan growth for the sport, especially in America. Additionally, using its own active campaigns, how the sport can help shift the tide for social and equality reform here in the United States. These methods combined will push the race series past its competition and create generational and immediate fans along the way.

## OBJECTIVE

The primary focus detailed within this report is to help the Formula 1 Group gather a stronger audience here within the United States. These methods can be used through the help of social media, national and local sponsors, vendors, as well as personalities. All the information researched has been gathered to showcase just how the race series itself can control the majority share of the market for motor racing in America.

## RESEARCH METHODOLOGY

The research conducted was found from credible sources externally on the internet. These sources are some of the industry standards when it comes to market knowledge but also journalistic integrity as well within the racing community. The information was gathered over a one-month span stretching from the beginning of April 2022 to the end of the same month. For the most part, quantitative data was provided, however in some cases qualitative. The Formula 1 Group themselves makes an abundant amount of information public. Their parent company, Liberty Media, provides ratings measurements along with the Nielsen Group. One of the harder challenges faced while conducting this research was the lack of humanitarian or non-profit work conducted by F1 in America. This was in stark comparison to the work done in Europe. These articles are current, with some of the more challenging objects such as humanitarian work dating back to 2017.

## RESEARCH AND KEY FINDINGS

The Formula 1 Group is a global championship motor racing series. The first sanctioned race was held in France in 1901. The governing body that oversees the sport, the FIA (Fédération Internationale de l'Automobile) was formed in 1904. The championship as we know it would not

be formed until 1950. The sport sees manufacturers such as Ferrari, Mercedes-Benz, and Aston Martin compete. Presently, it is by far the most technologically advanced race series in the world. Mercedes themselves have an annual spending budget of \$527.4 million dollars, which covers the much-needed home base employees, as well as the team, drivers and of course the car. As of 2022, the sport itself has introduced new technology that has helped bridge the gap between the lower funded teams and the top power houses. The season itself



takes place on 5 continents on 23 different tracks. Over the last 5 seasons, the sport has also taken to challenge the political wrong doings globally. The most recent being the banning of all Russian drivers, teams and races set in the country. The sport itself brings awareness to not only people of color but the LBGTQ+ Community. Arguably the sport's greatest champion, Sir Lewis Hamilton, is a pivotal member that brings awareness and the need for social and equality across the globe. It is these positions by the sport that has seen the 16-34 demographics flock to the sport that pushes the world for the better.

Formula 1 is adorned by millions of fans globally. The main product is the racing itself. It is pure entertainment at its essence but a sport none the less. Additionally, the sport has a best in series race game with the same name, F1 2021. The series alone was able to generate over \$2 billion dollars, with a return profit of \$787 million. The sport itself accounted for 62.7% of its parent company Liberty Media's revenue for 2021. A few of the biggest gains over the course of the 2021 season saw viewership up 58% in America alone. Each race had an average viewership

of 70.3m globally. The start of the 2022 season has seen a huge boost. Formula 1 viewership is 52% higher than the 2021 season through the first 3 races. The sport also has its own streaming service with an annual fee to watch the races live, exclusive camera angles, in-race telemetry,



and live team audio. They offer monthly based subscription that offers just race replays and highlight videos. The social media traffic for the race series was up 40%, and saw 49.1m followers combined over Twitter, Instagram and TikTok.

The largest problem that faces the sport is integration into the American Market. Formula 1 has always had viewers in America. It is not until the sports acquisition that an emphasis was created to tap into a market that virtually sees F1 as a start-up company. Formula 1 sees its first real threat in the form of a competing race series. America has a huge home-grown championship racing series in NASCAR. NASCAR presently controls an average 3.7m viewers per race, compared to Formula 1's 1.8m viewers. This also translates to driver and fan relations at the track. Formula 1 is seen as an exclusive club, where drivers are not easily accessible. The American sport is deep rooted in cooperate sponsorship as well. NASCAR has placed an emphasis on drivers and personalities, which combined with these companies on social media alone generated \$11.4 million dollars in profit in 2021. This is a huge difference in comparison to the almost \$6 million dollar loss Formula 1 suffered in the same area. While NASCAR may try



and create false drama. They control this market on racing because they make the sport available to the everyday fan. Formula 1 may create and help the global fight for equality; however, they prevent large portions of fans from enjoying because of the “rich club” image.

## CONCLUSIONS

The sport of Formula 1 is deep with history. This history not only translates from the track, but drivers, and even iconic sponsorship. The organization creates competitive racing, with some of the most recognizable automotive brands globally. Regardless of the marketplace in America, they continue to increase their presence year after year. They can captivate crucial demographics and be a sport that promotes change globally. Formula 1 should set their goal, to increase fan exposure to the series and its teams, as well as drivers. Additionally, growing the sport with the help of impactful humanitarian work inside of America can help further the narrative of the progressive sport pushing for change.

## RECOMMENDATIONS

The first area that should be improved on is connecting the teams and drivers to the average American fan. Creating these changes gives not only something for the adult fan, but lasting impressions that create a generational fan from the youth. The best way to start is simply looking at what the competition is doing on social media. The American social media market is ranked 3<sup>rd</sup> globally in terms of active users at 295m. This is projected to increase to 323m by 2026. Social media gives the series a way to create unique and brand driven content that connects the American user. In doing so, this gives creative post options for all the sports American sponsors and partners. Formula 1 digitally has seen growth in doing this with eSport Pro Series for their successful video game, social media should be no different.

The fan increase here in the United States should help the sport create dynamic race day experiences. America hosts one race presently in Austin, Texas. By the end of the 2023 race season, America will add a race on the Las Vegas strip as well as the streets of Miami, Florida. These 3 races present Formula 1 to increase its attendance growth that has already seen a huge increase just in the start of the 2022 season alone. Australia which saw its return for the first time since 2019 saw a record for that race. Formula 1 was able to attract 419,000 fans over a 4-day weekend. That type of fan involvement here in America would increase the sports growth. The sport should offer these experiences that further showcase the accessibility to the sport. Sponsors and partners can offer hospitality involvement from local employees or companies. These cars are the best in the world with the fastest drivers piloting them. They should be shown off.

Formula 1, with all this opportunity for increased growth within the United States, should try to give back to the local communities that support the sport. The sport itself is seen as prestigious and even markets itself that way. Miami alone was plagued with concerns from the local communities about noise and spectator concerns over the course of its 4-day weekend. While they should not mimic what their competition does, there is opportunity in what the competition does. Formula 1 continues to push the technological boundaries. That is something that NASCAR is not doing. While sophisticated, Formula 1 stands above NASCAR in this retrospective. The sport should involve the local communities for outreach programs. This could include tech and teaching seminars at not only local schools but universities and even similar industry companies. Additionally with the help of the “We Race as One” campaign by the sport, the series can afford opportunities to demographics who would not normally have chances to see this series. These could be families faced with financial difficulties, people of color or the LBGTQ+ community. Formula 1 can take a stand where most major sports in America dare not

to go. What better way to help the local community who may not understand by explaining what the sport does both on and off the track.



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