



Sports Monetization and Business Development in the Digital Era: Lessons from the Motorsport Industry

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GOAL OF THE PAPER

Comparison of marketing and monetization strategies of Red Bull Air Race and Formula One



KEY METRICS



Awareness	40%	82%
Interest	25%	52%
Fanbase	271M	500M
Facebook fans	1.9M	8.0M
TV audience	47.5M	425M

SEMANTIC DIFFERENTIAL

Famous athletes			Unfamous athletes
Interaction with viewers			No interaction with viewers
Fast motion action			Slow motion action
Visible performance			Invisible performance
Action-packed			Actionless
Connected with nature			Artificial environment



2003

First race

2010

Series discontinued

2014

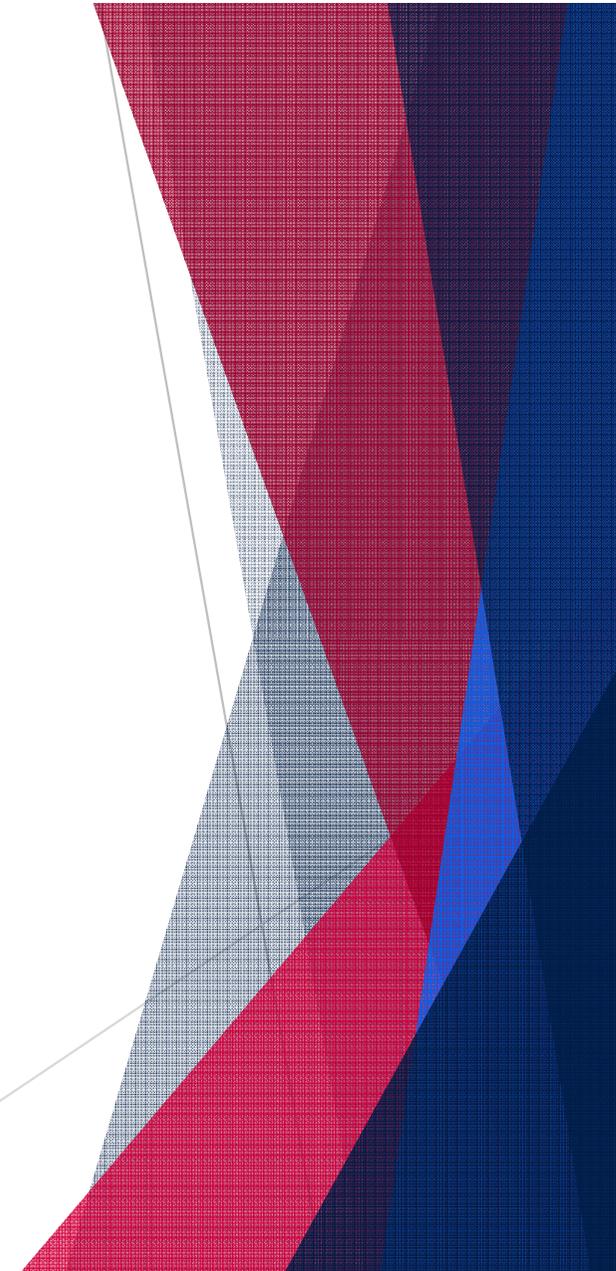
Series comeback

2017

1.28M spectators onsite

KEY STRATEGIES

- ▶ Sponsorship
- ▶ Going “Green” with Hosting Fees
- ▶ Growth in E-Sports
- ▶ Direct-to-Consumer Business Models
- ▶ Social Media
- ▶ Blockchain and Cryptocurrencies



DIGITAL SHIFT

**ALTERED FANS' MEDIA
CONSUMPTION HABITS**



24 of 25

**largest television networks
suffered viewership declines**

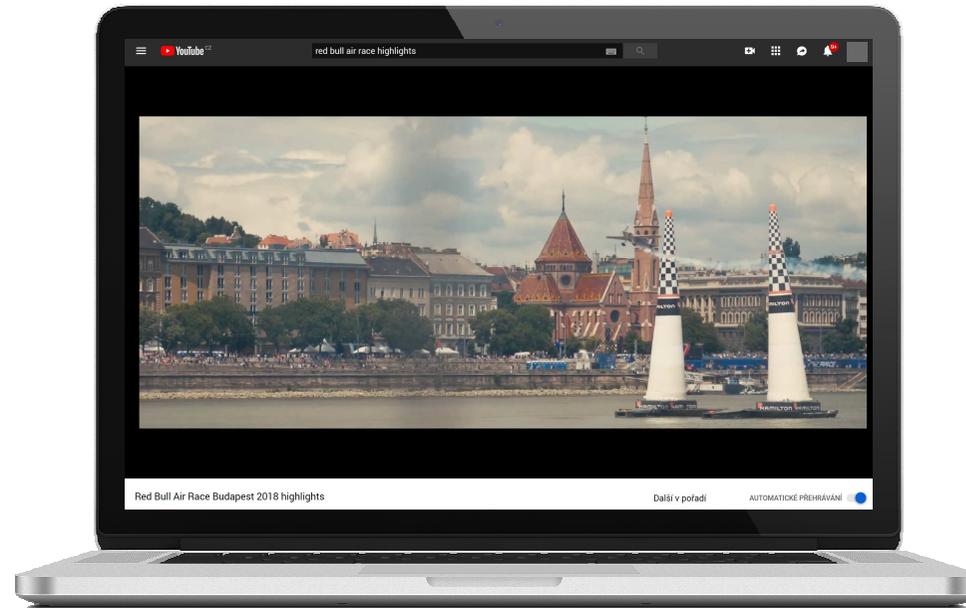
(2014–2018)



80%

**increase in views of YouTube
sport highlight clips**

(2017 v. 2016)



SUBSCRIBE



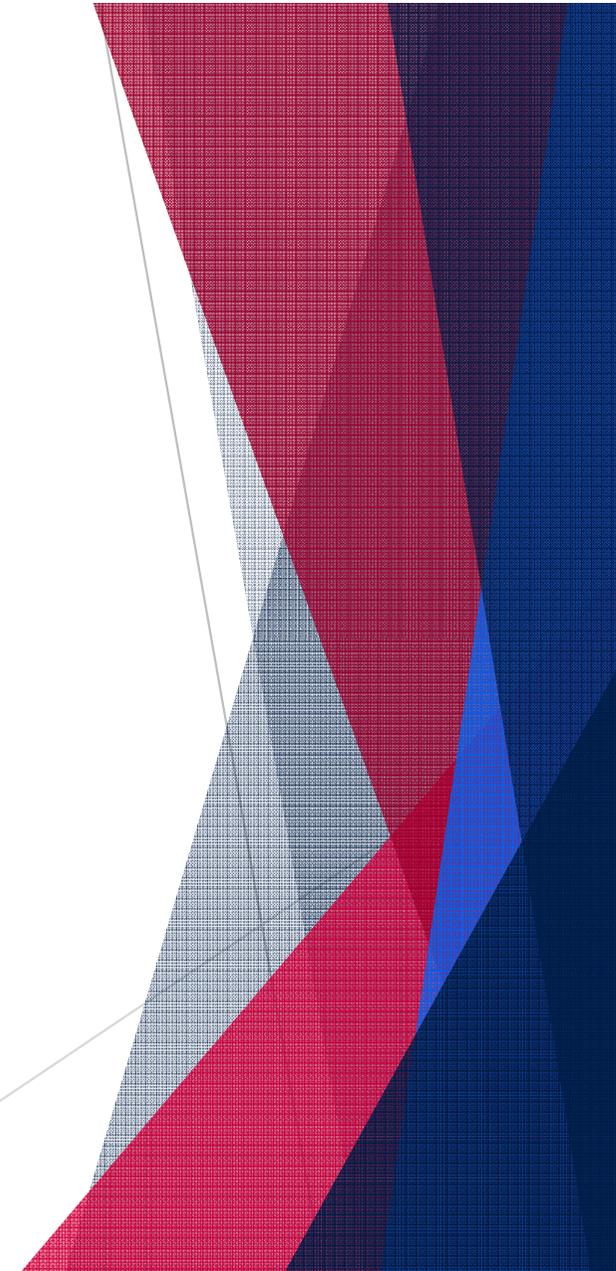
Success

**subscription-only sports video
streaming services**

A large, stylized red quotation mark icon consisting of two curved shapes facing each other.

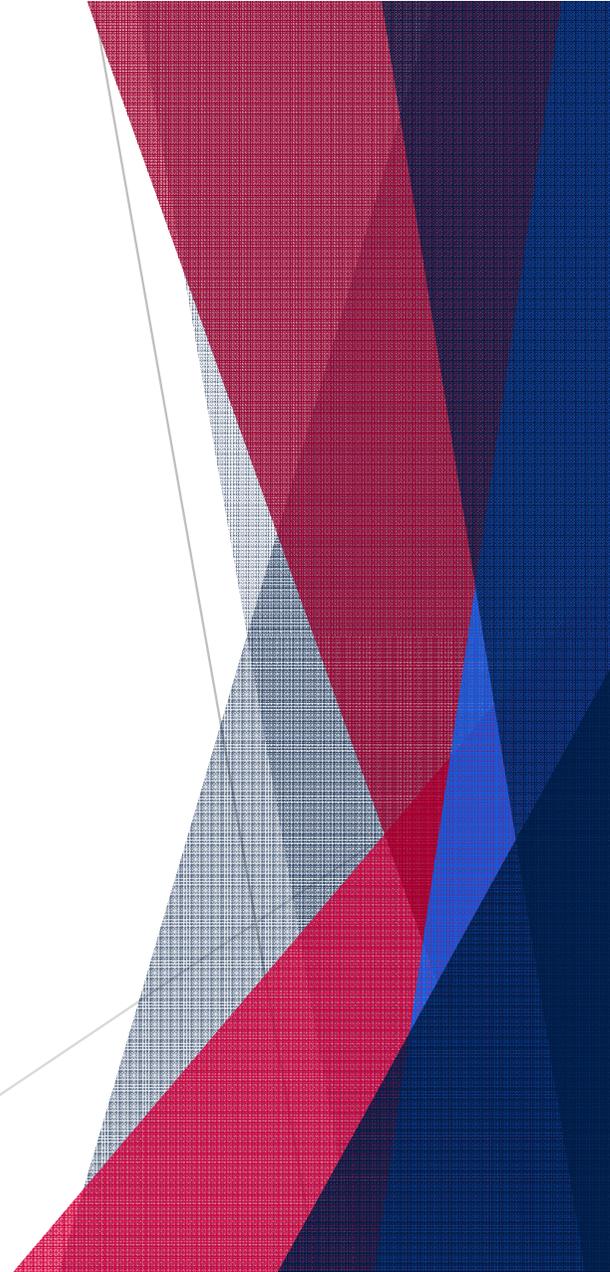
The most successful rights holders will be those who achieve the right balance of content distribution via free-to-air broadcast, pay TV broadcast, their own digital platforms and social media.

(Nielsen Company)





Social media offensive



DIGITAL SHIFT

**ALSO ERODED TRADITIONAL
REVENUE STREAMS**





HOST CITY ENGAGEMENT



Highlighting the beauty and splendor of race locations

Bringing F1 product to emerging markets



OWNERSHIP AND SPONSORSHIP



OWNERSHIP AND SPONSORSHIP



1,300 employees
\$499 million budget



200 employees
\$89 million budget

DIGITAL INNOVATION



“Second screen”
experiences



Mobile video game

>12.5 million
downloads



“Ghost plane”

DIGITAL INNOVATION



Decentralization
of media content
creation



New experiences
for fans



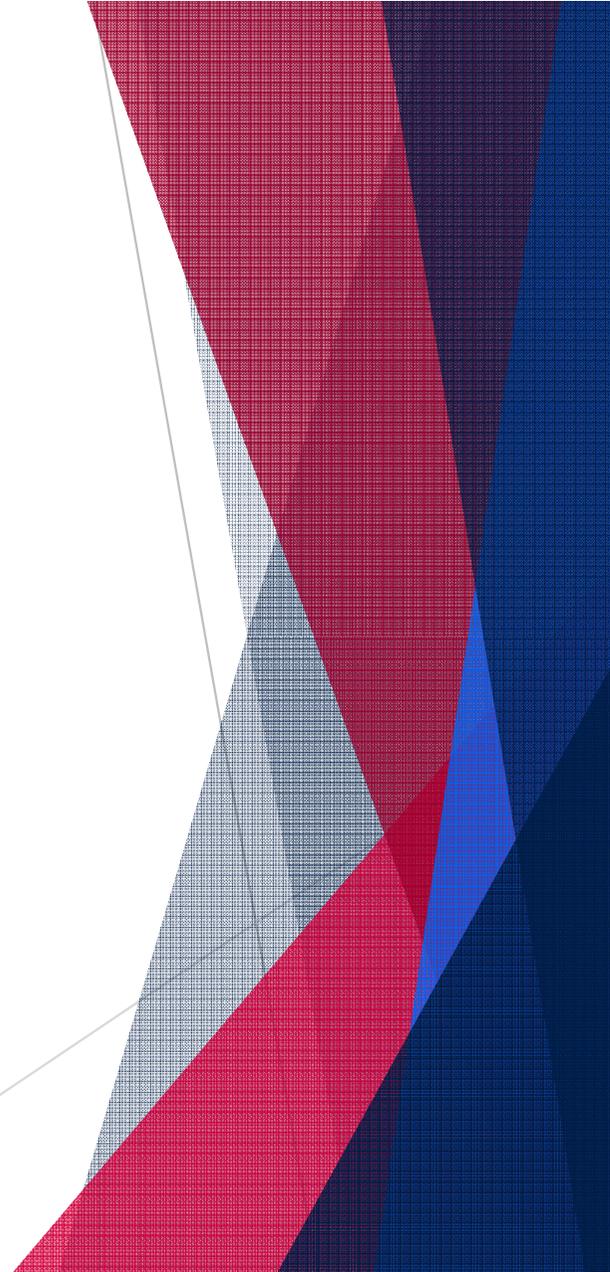
E-sports series



E-SPORTS

\$1,000,000,000

**Estimated worth of global
E-sports market**



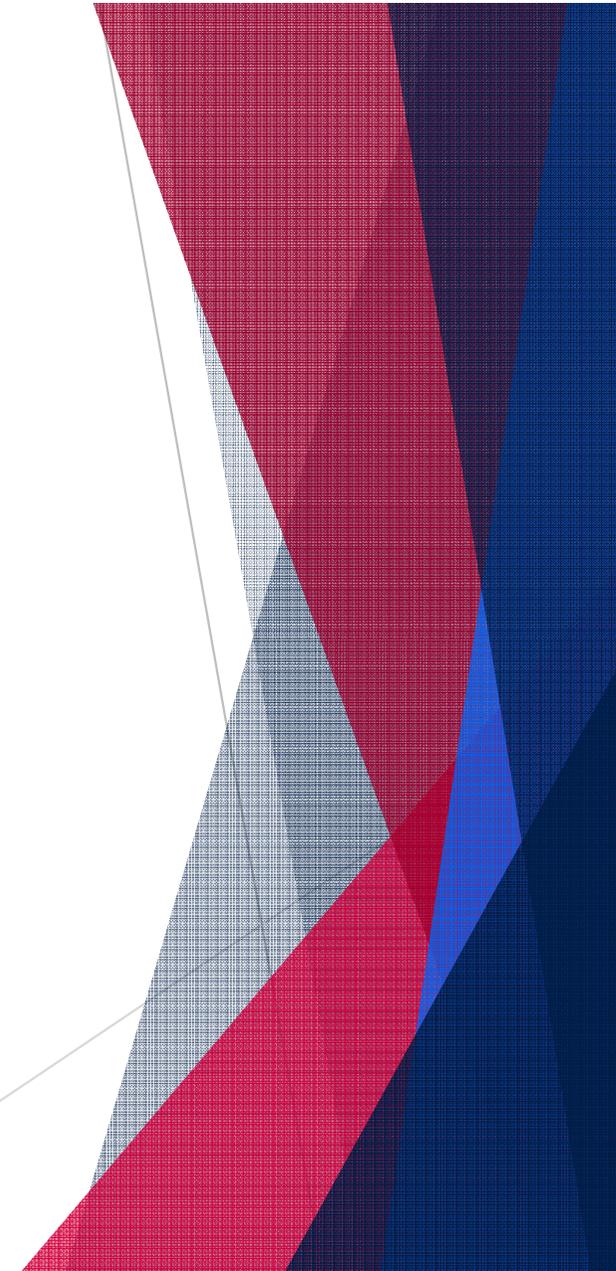
SUSTAINABILITY AND CSR

SAILGP



CONCLUSION

- ▶ Low perception as a sport
- ▶ Failure to grow number of races per season
- ▶ Relatively low coverage in traditional media
- ▶ Team ownership model not implemented
- ▶ Business financially instable





There is no tutorial guide to
sports 2.0

BUSINESS MODEL OF RED BULL IN MOTORSPORT INDUSTRY

- ▶ Internet-enabled mobile devices in sport (growth and penetration of social-media platforms)
- ▶ RBAR's marketing and monetization strategies
- ▶ How motorsports' rights holders are re-fashioning their content offerings to meet the shifting expectations of fans and advertisers



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