

Analysis of the Marketing Strategy of the Formula One Group in the United States - Taking the Miami Grand Prix as an Example

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Abstract. The research is conducted with the success of the first Miami Grand Prix in 2022. As a grand prix that has never been held in the region, the Miami Grand Prix achieved a great increase in terms of the number of fans attending during the grand prix and fans watching the race online compared to the Austin Grand Prix last year. The research focused on analyzing the marketing strategy of Formula One Group in the United States taking the Miami Grand Prix as an example and utilized the literature review method and case analysis method to conclude an ultimate successful marketing model that may apply to other places in the world. The marketing model consists of stream media propaganda and sports partnerships two pre-race marketing campaigns, value-added events during the race weekend and the native driver which would bring consistent exposure of Formula One to the country throughout the season and attract more potential fans to come to the race weekend.

Keywords: Marketing strategy, Formula One Group, the Miami Grand Prix.

1. Introduction

This research is focused on analyzing the marketing strategy of Formula One Group in the United States, while taking first Miami Grand Prix as an example.

On the 16th of October, 2019, the Formula One Group first announced on its official website that Formula One had reached an agreement in principle to host the first-ever Formula One Miami Grand Prix at Hard Rock Stadium from 2021. And in the 18th of April, 2021, the Miami Grand Prix was officially confirmed to be joining the 2022 race calendar. Between the 6th to the 8th of May, a total of 243 thousand fans attended the 2022 Crypto.com Miami Grand Prix and 23 million American viewers watched the Grand Prix online throughout the weekend, which is 27% more than the Austin Grand Prix in 2021 [1]. All these numbers suggest how successful the Miami Grand Prix is, especially as a city that holds a Formula One race for the first ever time. Being able to increase the popularity of the Formula One game and attract so many fans to attend the Grand Prix in a few years' time, the marketing strategy of the Formula One Group is worth analyzing and discussing.

The author chose to investigate this topic due to the lack of study of marketing strategies aspect in the field of Formula One race as a whole and for each individual team, especially there are very limited studies being carried out focusing on marketing strategies for promoting a new Formula One Grand Prix in a new region overall. For this paper, the author wants to analyze all marketing effort that has been made by Formula One Group to host the first Miami Grand Prix which has been proven to be successful and clarify some key factors that contribute to the success of marketing by Formula One Group in the United States overall, analyzing each factor and discuss its effectiveness and long-term feasibility. As the Formula One Group is currently exploring, it has been a dream of fans and sponsors to see Formula One Race being hosted in new places, and it is predictable that there will be more grand prix hosted in new tracks, new countries, or even new continent in the future; this paper will conclude the successful marketing model for the Miami Grand Prix and discuss whether it can be applied to other regions and increase the popularity of Formula One in the region and the possibility for further hosting a new grand prix.

The paper will utilize the literature review method and case analysis method to investigate the specific marketing strategy used by Formula One Group for the Crypto.com Miami Grand Prix in 2022 (later called the Miami Grand Prix).

The paper will first provide a brief overview of the Miami Grand Prix, including the number of fans attended, the total online viewers throughout the weekend, the economic benefits brought by the Grand Prix to the local area and the Title Sponsors and Partners for the Grand Prix. The paper will then focus on four aspects of the marketing strategy: Stream media, sports partnerships, pre-race and after-race music festivals and the one and only American driver. The effect of these aspects will be elaborated and analyzed, and an overall summary for Formula One Group's successful operating model.

Through the paper, the ultimate aim that the author wants to achieve is that the successful marketing model will be concluded and refined to a state in which it can be easily applied to any region in the world that has the potential to host grand prix, using the model, transform the theoretical grand prix into a real one that will provide benefits for Formula One Group, sponsors, the local government and formula one fan.

2. The Miami Grand Prix

2.1. Basic Statistics of the Miami Grand Prix

The Formula One Crypto.com Miami Grand Prix 2022 was held between the 6th and 8th of May at Miami International Autodrome. A total of 243 thousand fans visited the Miami International Autodrome during the race week; compared to the 2021 US Grand Prix, race day viewership of the Miami Grand Prix in the United States experienced a remarkable growth of 106%, attracting 2.2 million viewers. Additionally, the F1 Web/App witnessed a significant increase in engagement, with 140 million views, a 39% increase from last year and 118.6 million page views which increased by 50% [1]. According to South Florida Motorsports: The grand prix generates a total benefit of \$349 million for the local economy annually and provides \$100 million for over 3000 local workers where half of it comes to the construction stage of the circuit [1]. Moreover, 66% of the fans come from places outside of Miami and 84% of them claimed that the Grand Prix was the primary reason for them to travel to Miami. The fan's spending reached more than \$150 million over the race weekend, and the average spending per person was \$1940, nearly 200% of what a normal non-Formula One fan would spend visiting Miami [2].

2.2. Title Sponsors and Partners of the Miami Grand Prix

On the 9th of February, 2022, the cryptocurrency exchange company Crypto.com announced to be the official title partner of the Miami Grand Prix and a nine-year deal was revealed in the meantime, which means that the name "Crypto.com Miami Grand Prix" will last at least to 2030. Finding partners for the Miami Grand Prix include Gainbridge, Hard Rock, J.P. Morgan, Red Bull, and Viva. It is noticeable that unlike the sponsors of other grand prix on the racing calendar, there's a great portion of the sponsors and partners here in Miami Grand Prix that are internet companies that aim for a younger customer group, while it can often risky for companies to invest an enormous amount of budget becoming the sponsor for such a large event, these companies seem to be really willing to invest the grand prix which has to do with the special age structure of American Formula One fans which will be later discussed in the paper [3].

3. Marketing Strategies

3.1. Marketing Strategy: Netflix Documentary - "Drive to Survive"

One of the most widely recognized marketing strategies is the documentary that is spread through the stream media, which is probably the most successful and effective marketing campaign made by

Formula One Group in the United States. "Drive to Survive" is a documentary produced by Netflix, starting from the 2018 season, each documentary season records some remarkable moments and what happened behind the scenes of a real Formula One season and it has been its fifth season. In 2017, Liberty Media which holds the commercial right of Formula One started to collaborate with Netflix after seeing the success of sports documentaries such as "All or Nothing" and "Last Chance". The documentary aims to reveal all the stories that happened behind the scenes and to make more connections between teams and drivers with fans than what they saw during the race weekend and TV screen. The result is surprising, the documentary contributes to a larger, younger and more diverse Formula One fan group: A global survey that covers 167300 fans around 187 countries proved that the average age of Formula One fan decreased from 36 years old in 2017 to 32 years old in 2021, female fans increased by 10% in from 2017 to 2021 [4]. Moreover, the United States is recognized as one of the four countries that has the fastest rate of Formula One fans growth. As a documentary that was first released in March of 2019, the role that "Drive to Survive" played in contributing to the growth of the number of Formula One fans in the United States is undeniable: According to a study released in May of 2022, a survey done for more than a thousand American online shows that 28% of the Formula One fans started watching Formula One after viewing the Netflix documentary "Drive to Survive" [5].

3.2. Marketing Strategy: Partnership with NBA

Another marketing campaign that immensely helped to increase the popularity of Formula One in the United States is the sports partnership. On the 20th of October, 2021, the Formula One Group and NBA announced to be content and promotion partners in order to celebrate the upcoming American Grand Prix and the 75th anniversary season of the NBA. A series of collaborative events were held after the announcement: The Formula One custom liveries of the 30 different teams in the NBA league released by the Official Formula One and received more than 750 thousand likes on social media; a basketball free throw challenge was held before the 2021 Austin Grand Prix with eighteen drivers, NBA hall of fame star Chris Bosh and Dikembe Mutombo and NBA championship Sean Elliott and Fabricio Oberto, the video of the free throw challenge got 1.37 million views and 46 thousand likes on YouTube.

3.3. Marketing Strategy: Race Weekend - Music Party and Suits

The schedule of the race weekend might often be overlooked when talking about marketing strategies for Formula One Group but for the Miami Grand Prix, the diverse schedule does contribute to a more successful Grand Prix. Different from any other grand prix in the racing calendar, the Miami Grand Prix is more like a party for Formula One fans, the opening party starts on the 4th of May and there are music parties every day throughout the race weekend. While the lineup includes famous names such as Post Malone, Zedd, The Chainsmokers and many more, all access to these music party are included in the three-day general admission ticket. Another feature that the Miami Grand Prix offers is the suits that spread around the track which provides luxurious and private hospitality space. These types of Intangible value-added content add diversity to the group of audience and will attract a wider range of people to come to the Grand Prix other than Formula One fans.

3.4. Marketing Strategy: New American Driver - Logan Sargent

Before the first Miami Grand Prix, there was not really an American driver; however, the author still chose to include this point because of the great impact a driver can bring to their home country in terms of increasing the popularity of Formula One games. As the Netflix documentary "Drive to Survive" became popular and attracted a large group of new Formula One fans in the United States as mentioned in 3.1 and 4.1, the discussion of whether Formula One needs an American driver has never stopped online. A survey conducted through more than a thousand Americans online shows that 16% of Americans claimed that they would be more interested in Formula One if there was an American Driver involved [6]. A previous example is when the Chinese driver Zhou Guanyu joined

the Alfa Romeo team at the start of the 2022 season: The news of his joining received more than 250 million views on Chinese social media which greatly elevated the popularity of the Formula One in China, attract a group of Chinese sponsors and contribute to the extend in contract of the Chinese grand prix to 2025 [7]. Currently, the Formula One fans in China are rising at a rate of 43% annually [8]. Unfortunately, there is not a suitable American driver who has the ability to join before the first Miami Grand Prix; however, the American Driver Logan Sargent managed to join the Williams team before the 2023 season, and his joining further elevated the popularity of Formula One in the United States and the young local talent driver could play an essential role in securing a brighter future for Formula One in the United States.

4. Analysis of the Marketing Strategies

4.1. Marketing Strategy Analysis: Netflix Documentary - "Drive to Survive"

The success of "Drive to Survive" in attracting new Formula One fans is partially due to the reason that instead of focusing on the complex strategy, car aerodynamic design or team management, the documentary focuses on the predicament a team or a driver faced and then presents how the team cooperate behind the scene and eventually overcome them. In some way, the documentary changed the way Americans perceive the word "champion" in the field of sports. It is for this reason that new fans are willing to take the opportunity and attend the upcoming Miami Grand Prix and support the team or driver which they previously only have seen in the documentary.

4.2. Marketing Strategy Analysis: Partnership with NBA

Basketball is the second most popular sport in the United States, at least half of the population between the ages of 18 to 64 recognize themselves as NBA fan and the portion of NBA fans continues to rise as the age group gets younger, which ensure the influence of NBA to the population in the future [9]. By building a partnership with such a popular sports league, the Formula One Group can raise the brand influence take advantage of these sports fans, and explore the possibility of letting them start to be involved in watching Formula One games.

4.3. Marketing Strategy Analysis: Music Festival

The ticket price for the Miami Grand Prix was usually between \$500 to \$2000, while the average price for a single-artist concert was between \$100-\$300. In this aspect, it seemed to be really cost-effective to buy a Grand Prix ticket to see multiple artist's performances while watching the Formula One game for three days. The Formula One Group did so to attract more potential fans: they might not be so determined to come to the Grand Prix but may eventually do so due to additional music parties, through the grand prix weekend, they might be attracted by the Formula One and continuously come for the future grand prix.

4.4. Marketing Strategy Analysis: American Driver

Before the joining of Logan Sargent, there was not much that Americans could relate to around the grid: Out of the twenty drivers, only two came from North America, to be more precise, two came from Canada. Though the Hass Formula One Team may be conceived as an American team, its headquarters is located in Italy and almost every part of its car is produced by the Scuderia Ferrari. Plus, the dominance of the Red Bull Team and Max Verstappen make the season even more unappealing to American Formula One fans who need to wake up early in the morning to catch every Grand Prix in Europe. Luckily, the situation did not last long and the Williams team immediately signed Logan Sargent after he received enough points for his FIA super license, his joining provides a better reason for Formula One fans in the United States to watch each and every Grand Prix to support their young driver. Moreover, this passion will turn into a more successful Miami Grand Prix as every American fan wants to see the driver they supported in person during the race weekend.

5. Formula One Group's Successful Operating Model in Miami

After analyzing the Miami Grand Prix, the success can be summarized into the following factors which build up an operating model that the Formula One Group applied for the Miami Grand Prix: stream media propaganda, sports partnership, value-added events of the race weekend and the native driver. The documentary "Drive to Survive" successfully presents the more attractive part of Formula One and shows the uniqueness of this sport through the individual story in each episode. It encourages fans to not only focus on the champion or podium of each race but the effort made by those small teams and the remarkable achievements they got. The engaging storytelling and captivating rivalries also contribute to the viewership and fast-growing fan groups. In terms of sport partnership, it is often easier for sports fans to get into watching another type of sports, while the partnership between the Formula One Group and the NBA took advantage of the large fan base of the NBA and its popularity. However, the NASCAR race is still the most popular motorsport race in the United States, if there can be a partnership made between Formula One and NASCAR, Formula One may attract more NASCAR loyal fans with its special features such as more possibility of race strategy, team management, global influence of the teams and drivers and many more. Also, by providing private suites and music parties, the Grand Prix will be appealing to a wider range of people. The suites and all those famous people who attended the Grand Prix also created the brand image of Formula One to be a world-wide famous sports event. Lastly, the native driver Logan Sargent presents a sense of belonging for American Formula One fans, and he is the first American to drive a Formula One car in 8 years after Alexander Rossi in 2015. Currently, there are also two American drivers in Formula Two. The talented driver Jak Crawford who was born in 2005 seemed to be the one that may follow Logan Sargent's trace, ended 7th in the Formula Three championship in 2022 and scored 39 points in the first half of his debut Formula Two season. There have also been rumors that Anderatti is willing to join the paddock after 2025 and become the 11th team on the grid. No matter what happened, the success of Logan Sargent did raise a boom in American attendance of the sport. This operating model can also be found in some other regions introduced by the Formula One Group and has the potential to be a universal one that can be further applied in other regions [10].

6. Conclusion

This research provides a comprehensive operating model that could be used in other sports events not just limited to Formula One when expanding to a new region and holding an event in the region like the Miami Grand Prix in the United States. The four factors discussed above contribute to the success of the Miami Grand Prix and can be recognized as some successful marketing campaigns made by the Formula One Group in the United States. In terms of the successful marketing model, the stream media propaganda and the joining of a native driver are likely to bring the most significant increase to the popularity of Formula One Group and the number of Formula One fans in the country, thus, ensuring the success of the newly hold Grand Prix. However, the successful model may have some limitations that may restrict its use in some countries: The "Drive to Survive" documentary succeeded due to the enormous amount of Netflix users in the United States, if the country does not have a popular stream media for documentaries that is over half an hour, using short video platform such as Tiktok might also work but it would be harder to attract new fans since the short video cannot contain all small details that may be attractive to new fans of the sport fully. As for sports partnerships, if the country does not have a sports league that is as influential as the NBA in the United States, the Formula One Group may seek other popular events that will increase the popularity of Formula One while the audience needs to have the potential to become a sports fan. While for the native driver factor, it might be hard for the country to have a talented young driver that is able to make it into Formula One; however, Formula Two might be a solution as there's less competitiveness of the driver spot and lower requirements for the drivers. By adding the track to the Formula Two race calendar, the number of fans attending will also increase since both Formula One and Formula Two are held on the same race weekend. This research and the successful marketing model concluded might be

limited by the fact that the research only considered data from the first Miami Grand Prix. More comprehensive research may be carried out in the future as more data will be gained from the following Miami Grand Prix that will really test how effective those marketing strategies are.

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