NASCAR and Pro Cycling – Different, but Similar

The Outer Line reached out to former pro bike racer Kristin Labonte – one of the few people around with a foot in both camps – to discuss those similarities, and to ask what pro cycling might be able to learn from NASCAR.

One would be hard-pressed to find two sports that appear to be more different than NASCAR motor racing and professional cycling. One is gasoline-powered, fast, noisy, and played out on a track with hundreds of thousands of spectators watching; the other is human-powered, quieter, slower, and played out on sinuous mountain-top switchbacks with a few fans standing on the roadside. Cycling sees NASCAR fans as backward, unsophisticated, pickup truck-driving simpletons, while NASCAR sees cycling fans as wimpy trust-fund babies sporting Greenpeace bumper stickers. NASCAR is a favorite of the conservative deep south of America, while cycling is more popular in the liberal northeast and west coast of America. Culturally, NASCAR is deeply American. Culturally, cycling is deeply European.

NASCAR, like Formula 1 racing, is a privately-owned sport, whereas cycling is an Olympic sport ruled by an independent international federation. NASCAR sells tickets to tens of thousands of fans for each event – not to mention merchandise, food and drink, parking places, and even camping spots. During its heyday in the mid-2000s, NASCAR was a financial machine, eclipsing all other sports in terms of money and marketing. Cycling takes place on the local roads, robbing it – except in rare cases – of the opportunity to charge for admission. NASCAR packages all of its key events together and sells the television rights for hundreds of millions of dollars a year. Cycling has no coordinated package of events, and TV rights generate only tiny revenue in comparison. NASCAR runs a calendar of consecutive races that gradually build to a climactic championship at the end of the season. Cycling runs a disparate group of uncoordinated and sometimes overlapping events, with the prime event held in the middle of the season, and no championship to hold the audience's attention throughout the season.

So, it's pretty clear what the two sports don't have in common – and never the twain shall meet, right?
But not so fast. When we dig a little deeper into how NASCAR, and particularly when we begin to examine how the teams are structured, managed, and financed, we begin to see some strong similarities between the sports. Both NASCAR and pro cycling teams are heavily reliant upon outside sponsorship dollars for their success and economic survival – an issue that pro cycling has always struggled with. And it is here – perhaps surprisingly – that NASCAR may have several important lessons for cycling.

To dig into this area in more detail, The Outer Line caught up with Kristin Labonte – one of the few people who has a foot in both of these disparate camps, and an intimate knowledge of both motorsports and bike racing. Kristin is a former professional cyclist who holds three USA Masters National Champion titles, and numerous professional wins, racing for more than a decade with teams including the Colavita, Optum (now Rally), and the U.S. national team. Kristin then worked for several years in marketing and public relations for different cycling teams and is now the President of Breaking Limits – a brand marketing, sponsorship, and event management company that specializes in motorsports. And she is married to NASCAR Hall of Fame driver Bobby Labonte.

"One of these sports is louder and faster," jokes Labonte, "but there are definitely some striking similarities between NASCAR and cycling. Having been involved in both, I think there are things the two sports can learn from each other."

NASCAR enjoys a huge domestic audience and generates hundreds of millions of dollars in revenue each year, but individual teams – just as in cycling – are responsible for their own economic livelihood. Says Labonte, "The absolute numbers may be different, but the structure and incentives are very similar. In both cases, you have a team owner who is responsible for securing and funding the team through sponsorship – raising all the dollars necessary to support the athletes, staff, and competition schedule."

Labonte continues, "In both sports, the sponsor essentially 'belongs' to the team, and the driver – or the cyclist – is contracted by the team owner to represent those sponsors. You see the sponsor's name on the kit and the bicycle, or on the fire suit and race car. It is also the case in both sports that athletes may have their own personal sponsors – separate companies that pay the individual to promote their product." Personal endorsement relationships often involve accessory products like helmets, apparel, footwear, or sunglasses.

The real key to success and long-term stability in both cycling and NASCAR is to identify, develop and then carefully maintain long-term and mutually beneficial sponsor relationships – and this is an on-going challenge in both sports. "Cars and bike jerseys can be covered with sponsor logos, and obviously, teams in both sports hope to be competitively successful and win races – as a way of delivering visibility and value to their sponsor," says Labonte. "But a good sponsor relationship has to go much further than that, and that's where I think cycling may be able to learn a few lessons from NASCAR."

The problem with taking that kind of simple-minded approach in cycling, says Labonte, is that – perhaps unless you are winning the Tour de France – logos and race results don't necessarily deliver enough value to sponsors. "Sure, winning is great – everybody loves a winner – but you really have to be creative and attentive to deliver maximum value to your sponsors. It's a lot more than just winning races." Labonte allows that NASCAR teams face this challenge as well. "In terms of really generating sponsor value, you see a lot of differences between NASCAR teams, as well as between NASCAR and cycling. There are a lot of variables."

One subtle difference between the sports that Labonte points out is the make-up and typical nature of team business management. She says that NASCAR has been aggressive in seeking out business-minded people to run the more successful teams. "NASCAR teams can be pretty sophisticated companies, often run by highly successful individuals or experienced business professionals. Overall, the sport has evolved toward a more corporate structure operationally."

On the other hand, cycling teams are typically managed by ex-bike racers. "Now that I am outside of cycling," she says, "I see this as a pretty big challenge. In cycling, riders retire and then teams or maybe bike manufacturers hire them as either directors or for a 'marketing' role. This model may work on the competitive side, but it doesn't really create a leadership that is skilled in business and financial management. Or in strategic marketing."

"All in all, having been intimately involved with the marketing role and challenges in both sports, I think NASCAR has done a great job in attracting and maintaining their sponsors," says Labonte. "NASCAR teams are generally just more sophisticated in this area. They are very creative and strategic in doing things to keep those sponsors happy and coming back." Many of these activities are ones that cycling teams should also be undertaking.

"For example, look at any television interview with a race driver, and you will almost invariably hear them thanking their sponsor," Labonte points out. "They really understand that they are only there because of the sponsor." But, Labonte asks, "When was the last time you heard a bike racer thank their sponsor? They might thank their teammates or their manager, but they just aren't trained to bring up that sponsor name. The interviewer may be asking about the race, but the rider should mention the sponsor, and then talk about the race."

"My research has underlined the importance of brand fit for sponsoring brands with the sport they sponsor – making sure that the relationship between the sport, team or athlete and the sponsoring brand or company makes intuitive sense," says Labonte. "Consumers are hit with a ton of marketing and brand messages all the time. Our brain processes the ones that easily make sense and those that require deep or conscious thought generally get shuffled out. To see beautiful Rolex signage and a display in the dirt infield at a NASCAR race doesn't compute and consumer brains "moves on" or worse, distrusts Rolex. But to see a beautiful Rolex lounge or boutique at a Ferrari event is logical, easily "digested" by the brain, and trusted. Brand fit with the persona of the marketing environment is really important. This does not mean that fit must be perfect for a sponsorship to work, but it does mean that those responsible for the sponsorship should invest in making connections surrounding fit obvious to consumers."

In NASCAR, there is also a very calculated and sophisticated strategy behind fan merchandise, which is carefully designed to drive engagement and loyalty to individual drivers, but also to NASCAR itself. "This is another area where I think cycling could learn from NASCAR," says Labonte. "Drivers are the primary connecting point between fans and the sport, and this is something that the NASCAR organization works very hard to promote. NASCAR even has a data science department within its marketing arm that researches and delivers recommendations to teams, suggesting ways to encourage and increase fan engagement."

Cycling has nothing remotely like this. Indeed, the prevailing attitude among many cyclists and team staffers often seems to be one of entitlement – that the sponsors are just there to help them, rather than to enjoy a mutually beneficial relationship. There often seems to be less appreciation, indeed even recognition, by bike racers that without the sponsors they wouldn't be there at all.

This lack of attention to the details goes a long way towards explaining why cycling sponsors seem to come and go on such a regular and unpredictable basis. By making even marginal improvements in some of these areas, cycling could likely do a lot to slow down that game of musical chairs.

And even some of the longer-lived sponsor relationships that do exist in cycling don't generate nearly the value they could. For example, QuickStep has been sponsoring Patrick Lefevere's Belgian team (along with numerous other changing co-title sponsors) for twenty years and is perhaps one of the most enduring sponsor names in the sport. Yet, even with a name as familiar to fans as QuickStep, it is likely that few know what the company actually does.

NASCAR recently created a so-called "charter system" which allows teams to receive a limited share of television revenues, but they are otherwise responsible for their own bottom line. Labonte explains, "The charter system was created primarily for the purpose of providing some added value to a team owner, should they want to sell the team. It was an attempt to help create a 'franchise value' like we see in the other major American sports."

"In NASCAR, anybody can start a team," says Labonte, "just like in cycling. And having a charter is not required. For example, Michael Jordan is starting a brand new team in 2021." But a charter does guarantee the team a starting spot at every race (regardless of qualifying speed), so most new teams, when they want to enter the sport, will purchase a charter from some team that wishes to exit the sport. Typically, an under-funded team owner will decide to depart, and will sell that charter to a new team owner looking to enter the sport, who has greater funding."

This is similar to the team transitions that typically occur in cycling, where new or rising teams typically merge with or purchase the WorldTour license of an exiting team. In the last year, cycling saw Team Israel Start-Up Nation acquire the Katusha license in order to enter the WorldTour, as well as the takeover of Team CCC by Circus – Wanty Gobert.

Another difference that has a big impact on sponsor value is the sheer size of the relative markets. NASCAR can make a legitimate claim on being one of the biggest spectator sports in America – several of the NASCAR racetracks seat well over 100,000 people, and there are literally millions more watching at home. “There are a lot of eyeballs on that Valvoline or Geico logo,” says Labonte. Cycling events are often fortunate to have 100,000 total viewers on television in the U.S.; this year’s Tour de France television audience figures were actually up, but still came in at an average of around 400,000 per stage. It’s a major difference when one NASCAR event may have more fans in the seats at a live event than a cycling event can generate sitting in front of a TV.

Of course, as Labonte hastens to point out, one can’t just look at the U.S. market in this regard. The size of cycling’s global audience is much larger, although in some ways this is just another challenge for cycling – its audience is spread out around the world, representing many different cultures and speaking many different languages. On the other hand, NASCAR is mainly U.S.-based and English-speaking. Nonetheless, says Labonte, “there are many improvements that most cycling teams could make in terms of really generating hard value for their sponsors.”

In today’s crowded marketplace, all sports vigorously compete against each other for market share – for growing audiences and hence for more attention from sponsors. From a broader perspective, sport in general is competing against a wide array of other entertainment products and outlets for attention and all the eyeballs out there. Hence, it’s critical that sports try to learn, not only from their own successes and failures but also from the practices and innovations going on in other sports. Cycling fans and cycling teams may be culturally distant, but they still may have a lot to learn from NASCAR practices and activities.

Editor’s Note: The Outer Line and Kristin Labonte’s Breaking Limits company are preparing a comprehensive report on sponsorship activation ideas and value creation guidelines from NASCAR which may be relevant to pro cycling. That document – “Guidelines for Pro Cycling Team Sponsorship” – will soon be available for distribution to professional cycling teams, managers, sponsoring companies, and other interested parties. Check back with us in a few weeks.

Written by Steve Maxwell, January 13th, 2020.