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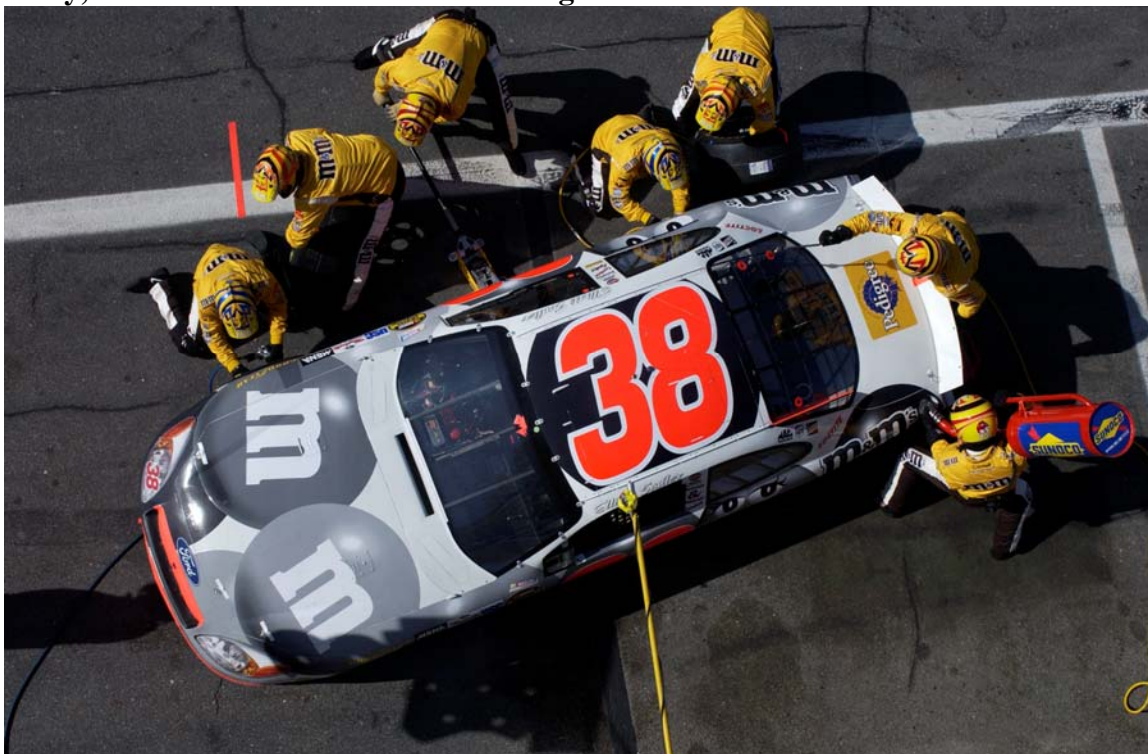
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Special Report:

Is NASCAR Killing the Golden Goose?

by John Chuhran, Motorsports Editor and Associate Publisher

It's been said that the only constant in auto racing is change. But change without consideration of the consequences is a risky move. The most powerful racing organization in the United States – the National Association for Stock Car Auto Racing (NASCAR) – appears to think that it is so powerful that there are no risks. Sadly, the NASCAR executives are wrong.



A favorite to win the Daytona 500, Elliott Sadler is serviced in the pits. Ultimately, Earnhardt, Jr., prevailed *Photo: Ford Racing*

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There are numerous changes – including a new series sponsor, new on-track rules, changes to the schedule and new technical regulations – in store for the 2004 NASCAR Nextel Cup Series. No alteration is greater than the new Nextel Cup point system. The changes in how NASCAR will crown its national champion threaten to rip the 55-year-old sport apart.

It took awhile for NASCAR to come up with a points system that seemed to work. From 1949 to 1971, champions were selected by six different methods. In 1972, to encourage teams to run the full schedule, NASCAR instituted a points system which rewarded drivers based on mileage completed in each race; journeyman James Hylton led for much of the season before Richard Petty came on to win the title from Bobby Allison. The next year, both mileage and finishing positions were considered, but another unheralded independent driver, Benny Parsons, claimed the crown despite winning a single race.



Greg Biffle gets the pit crew's attention at Daytona 2004 *Photo: Allsport*

Hoping to avoid another “underdog” champion, NASCAR created a strange points system for 1974 which started with a driver's total race winnings, multiplied them by the number of starts a driver had made, and then divided that number by 1,000. Designed to encourage full season participation and to emphasize winning, the 1974 points championship became ridiculous. Richard Petty won the Daytona 500 and nine other races (six on the richer Superspeedways) and built a massive advantage; his huge monetary lead meant that even though he finished behind Cale Yarborough in three consecutive races in September, Petty actually added to his points lead. Back to the drawing board...

For 1975, NASCAR decided to use its fourth different point system in as many years. This method of determining the champion was devised by Bob Latford, the former Charlotte Motor Speedway Public Relations Director who had become one of motorsport's most respected writers, historians and statisticians. Emphasizing full season participation and consistency with minor allowances for high finishing positions, the Latford System awarded 175 points to each race winner and decreased 5 points for positions 2 thru 6, decreased four points per position for positions 7 thru 11, and decreased three points per position for positions 12 thru 43. Every driver leading a lap would earn an additional five points and the driver leading the most laps would gain an extra five points. For the next 29 years, NASCAR would use this system to determine its champions, and it was during this time that the sport built the reputation and fan following that enabled the sport to gain the \$2.4 billion, six-year TV contract that began with the 2000 season.

The Latford System generally kept the championship undecided until the last two races of the year, but it was not perfect. Individual race victories did not seem to be rewarded enough. This flaw first gained significant notice in 1982. Terry Labonte led much of the season without a victory and Darrell Waltrip won at Rockingham, but left the track with the same amount of points as Bobby Allison, who led the most laps and finished second. In more than half of the last 29 seasons (and in four of the last five), the driver who won the most races did not win the championship. Even Latford later admitted that he would have liked to modify the system and award an extra 10 or 20 points to each race winner. But NASCAR was reluctant to make any modifications, and so the championship remained unchanged, shortcomings and all.



Can't be missed: The Sunoco petrol crew *Photo: Allsport*

Enter Brian France, grandson of NASCAR founder William H.G. France and son of NASCAR empire-builder William France Jr., was named Chief Executive Office and Chairman of the Board of NASCAR last September. His father, aged 70 and dealing with health issues such as cancer and heart problems in recent years, shifted to the role of Vice Chairman of NASCAR. Brian, 41, had been part of the landmark \$2.4 billion TV negotiations and the multi-million dollar Nextel title sponsorship discussions. He was looking toward the future, eager to gain the confidence of the NASCAR membership while putting his own individual stamp on the family business.



Leader of the pack: Ricky Rudd ahead of the field Photo: Ford Racing

Timing, in this instance, was everything. Matt Kenseth, a clean-cut but soft-spoken young man, had led the point standings since the fourth race of season, was cruising to the championship. With a lead that at one time was nearly 300 points, Kenseth was driving to finish, not to win. His “automatic pilot” act was dull, limiting NASCAR’s media exposure. TV ratings for the fall races were decidedly mediocre – a disappointment for NBC and TNT which were paying handsomely for broadcast rights and having difficulty selling commercial time. Brian resolved to “fix” what he viewed as a problem; it didn’t matter that NASCAR’s other two national championships – the Busch Grand National Series and the Craftsman Truck Series – both used the same points system and had champions that were determined only on the last lap of the last race of the year.

Since the six-year TV contract was signed, football has been the yardstick that NASCAR has measured itself against. The concept of playoffs worked for the greats of the gridiron, so why not try it with NASCAR? The wheels began to turn in the minds of the stock car leadership, but there wasn’t much time before the start of the new season at Daytona in February.



A welcome of Presidential proportions: G.W. Bush at Daytona 2004 Photo: Allsport

In January, NASCAR announced that there would be a new points system with a “playoff-style” format instituted for 2004. This 11th variation in season scoring would be called the NASCAR Nextel Cup "Chase for the Championship" and it would cover the last 10 races of the 36-race season. After the first 26 races of the NASCAR Nextel Cup season, all drivers in the top 10 and any others within 400 points of the leader will earn a berth in the "Chase for the Championship." All drivers in the "chase" will have their point totals adjusted. The first-place driver in the standings will begin the chase with 5,050 points; the second-place driver will start with 5,045, etc. Incremental five-point drops will continue through the list of title contenders. Points will continue to be awarded on the Latford system with one exception: first place will now be worth 180 points, ensuring that a race winner will finish with the most points on any given day.

“The Chase for the Championship will provide a better opportunity for more drivers to win the championship, creating excitement and drama throughout the entire season,” said Mike Helton, NASCAR President. “In addition, the Chase for the Championship will showcase our drivers' talents, increasing the value for all teams and their sponsors.”

“This new approach to determining our champion has both the drivers and the fans in mind. The Chase for the Championship will be a continuation of our season, with heightened drama. It will increase the spotlight on all competitors and increase the value of being in the series for all teams. This will be exciting -- and fair. Since 1975, using the current point system, no driver has ever been outside the NASCAR Top 10 with 10 races remaining and come back to win the championship in our premier series. We added the 400-point cutoff to allow drivers outside the top 10 after 26 races to be included in the Chase for the Championship.”

What wasn't stated is the fact that there are now two NASCAR Nextel Championships – one for the top 10 (few drivers outside the top 10 have ever been within 400 points of the championship leader – last year, 10th was over 600 points behind by race 26), another championship for the other 35 or so competitors. And any significant advantage that the top driver or two in the standings has over the next eight drivers after 26 races is all but eliminated. When participants and fans understood the ramifications of the new system, they showed a universal dislike for the “Chase for the Championship.” Trying for spin control, Brian France began to extol the virtues of the new points plan.

“Our goal is to create more interest,” France said. “Our goal is to make racing better. (The drivers) want the ball in the last two minutes. They want a chance to win. It's not single-elimination, it's not best three out of five and it still rewards consistency. When all is understood as well as we understand, I think the fans are going to love it.”

Despite France's “Father Knows Best” attitude and worthy intentions, NASCAR fans are not stupid and they know exactly what they enjoy. The Chase for the Championship is overwhelmingly disliked. A poll on ThatsRacin.com asked fans if NASCAR should adopt the new playoff-style points system in 2004. There were more than 4,600 responses and over 85-percent said “no.” Nearly 20,000 votes were cast in a poll on Jayski.com; 55 percent said not to change the system at all and less than five percent were in favor of the system introduced by NASCAR.

The fans are not alone. A variety of NASCAR participants are against the new plan. Dale Earnhardt Jr. is probably the most popular driver in NASCAR with name recognition that crosses over to general mainstream media and appeal to the casual fan who may prefer watching MTV or playing video games to watching a Nextel Cup race. The third-generation racer is at the head of the list of opponents to the

new points plan despite speculation that the new system was created to try to help him win a championship.

“There are a lot of things I’d love to change about the sport,” Earnhardt said. “The point system isn’t at the top of the list. The thing that is important to me is that, at the end of the day, if and when I win a championship, how is that going to be compared to the championships my father won? Is it the same? Is it better? Is it not as good? And, too, at the same time, it’s going to be difficult for a lot of (the media) to point out who would have won if the system had stayed the other way. So, basically in the fan’s minds, you’re going to have two different champions. I expressed my opinion; I don’t approve of it. Call me a pessimist, but if I have a 400-point lead after 26 races, I’d be pretty upset if I can’t hang on to that. We’ve been so used to doing it the way we’ve been doing it for so long that it affects your frame of mind. You go out there putting one race together at a time to build up the biggest amount of points you can build up. This is going to force you to change the way you approach winning the championship.”



Daytona Champion: Dale Earnhardt, Jr. Photo: Dorsey Patrick Photography

If the new system had been used in 2003, actual champion Matt Kenseth would have lost 418 points and finished third behind Jimmie Johnson and Jeff Gordon. Add Kenseth to the list of critics of the new points plan.

“Honestly, (the new points system is) worse than I thought it would be,” Kenseth said, “because I at least felt if you had a 300-point lead going into the final 10 races that they might knock that down to 100 going in, but five points isn’t really that big of a deal, so I’m really not in favor of the change. There was a lot of talk about putting more of an emphasis on winning races, but I don’t think this really does that. They didn’t do anything to take away consistency. In fact, it’s probably more

about consistency now because you can just concentrate on having solid finishes and making sure you're in that top 10 for the final 10 races of the year.

“I feel this (new system) is entertainment driven and it definitely is nothing like what it was when racing started for most of us. I understand the need to keep people interested and understand there has to be entertainment value, but from my vantage point as a competitor I'm disappointed.

“The ironic thing to me is that I heard they wanted to emphasize winning races, and I feel this takes away from that. I think a lot of the guys will have the feeling of not wanting to make a mistake and just concentrating on getting a good finish to make sure they're in the top 10. I think it takes the emphasis away from winning.”

Dissatisfaction runs throughout the NASCAR garage area.

“I'm not really for it, to be honest with you.” said 2000 champion Bobby Labonte. “But it is what it is and we can talk about it from now until November. But until November gets here, you don't know. It might be the best thing in the world. It might be the best thing for ratings. It might be the best, but right now we don't know. I think it's more or less 26 races now, not 36 races. Obviously, you won't be able to rebound in the final third of the season like you used to. But I still think you have to be consistent, obviously. You might be able to win five races but you still don't want to have five DNF's. That still plays in hand. For the final 10 races, it's just going to be starting over. You'll have a 10-race series instead of a 26-race series. You might not win a race in the last 10 races, but you might win the championship. In those last 10 races, you're going to see a lot of risk-taking going on to win that deal. The main thing is not to worry about it now because it's nothing to worry about. It's just time to go on. It is what it is.”



1999 Daytona winner Dale Jarrett's sanctum sanctorum. *Photo: Allsport*

“If I’ve got a 200-point lead with 10 races to go, I’m not going to be terribly happy about (the new points system),” said Ryan Newman, who led the series with eight wins in 2003 yet only finished sixth in points, “but if I’m 200 points behind with 10 races to go, I’ll look at it in a different way. We’ll let the cards fall on the table and we’ll see what happens.”

Some competitors were considering issues that seemed to be overlooked by NASCAR officials. The fans of this sport are fanatically driver-specific; if their hero isn’t racing or can’t win the championship, they aren’t interested in watching the broadcasts or buying tickets. And if fewer people watch, that would be devastating to the most important group in sports – the companies that sign the checks.

“I think we’re taking a big chance with sponsors,” said Dale Jarrett, the 1999 champion. “You can sit here and try to convince me all that you want about (how) the (TV) networks are going to make sure that everybody else is shown, too, but unless you’re leading that race — and I’m not even sure then — if you’re not one of those 10 (in the Chase for the Championship), you’re not going to be talked about that much. You can’t convince me of that. I’m sorry. Right now, they don’t give a damn about the New York Giants or the Atlanta Falcons, or anybody else that’s not playing (in the Super Bowl). We’ve forgotten about all of those, and that could happen with our series, too.”



BVB3: Busch, Vickers and Biffle go three wide Photo: Allsport

“More importantly, I think you're going to have to wait and see how it's going to affect our sponsors,” said car owner Ray Evernham. “What are the sponsors going to think of it if their car is not one of the top 10 and has no shot at getting in the top 10? I'm more concerned about how we're going to prepare those people for what could happen. We're not crowning a season-long champion any more. We'll be crowning a 10-race champion, so that's a whole different issue. It doesn't look like we're going to be crowning a 26-race champion, so it's going to be a lot different. I

think a lot of companies right now are testing the waters a little bit and aren't ready to jump into NASCAR right now, but maybe you'll see some companies coming in toward the end of the year. A lot of it is going to be how our television partners control that, if they're just going to focus on those 10 cars or if they're going to focus on the rest of the field, too. You've got to remember somebody's still got to win those last 10 races and be up front. If you're good enough to be up front and in the mix of what's going on, you're going to get some TV coverage. I think the key is how well you perform. When we do start that 10-race shootout, hopefully those other 33 cars in the field won't be forgotten about.”

Sponsorships are already in short supply. Just 46 cars – a record low – participated in practice for the sport’s most prestigious and lucrative event, the Daytona 500. Only 38 cars had full sponsorship and intended to race the entire season. Since NASCAR has built part of its reputation on starting 43 cars (nearly double the average of most other series) in every race (and because the wording of the TV contracts with FOX, NBC and TNT was rumored to have clauses specifying 43 starters or NASCAR would have to rebate a substantial amount of cash), the organization was expected to subsidize the appearance of the number of cars necessary to maintain the status quo.

According to Business Week, nearly \$1 billion is spent on NASCAR sponsorships each year and more than 100 of the Fortune 500 companies participate in those programs. Many sponsors are balking at the increasing cost of appearing on the side of a Nextel Cup Car; marginal teams require at least \$8 million to run the season and top entries often approach \$30 million in funding. Eliminating 33 or more drivers from contending for the championship in the final 10 weeks of season could be enough to sideline up to a dozen teams including entries from perennial powerhouse teams like Roush Racing or Dale Earnhardt Incorporated.



An ecstatic Jack Roush hugs Greg Biffle for having put a Roush car on the Daytona Pole for the first time

“We've made a commitment to our team for this year,” an executive for a NASCAR sponsor told Advertising Age. “But if our guy isn't one of the 10 drivers competing for the championship, then maybe next year we do look at [sponsoring] the first 26 races and then seeing what happens.”

“There's no question there's concern, and it's not just TV [coverage],” the director of sports marketing for another marketer and team sponsor told Advertising Age. “Sure, if your guy isn't fighting for a championship then maybe you wonder whether it was wise to take those ad buys at the end of the season. But you're also talking about print coverage, radio and the Internet. You're talking about promotions and other activations. There's a lot to consider.”

Which causes one NASCAR owner to ask a very reasonable question.

“I don't know what was wrong with the system we had,” said car owner Chip Ganassi, whose team fields Dodges for Sterling Marlin, Jamie McMurray and Casey Mears. “The good news is, if NASCAR feels that it's not working, I'm sure they're not afraid to go back on the decision. It wouldn't be the first time. I look forward to it, I guess.”



Waiting for a Sterling opportunity: Marlin's crew during qualifying Photo: Allsport

Showing that the widespread dislike might be justified and the new system might fail, NASCAR officials refused to attribute the new plan any individual.

“In making this modification,” Helton said, “NASCAR used its full, company-wide resources to thoroughly research history, examine possible future point scenarios, and address various intangibles that could determine a championship. Again, this idea was introduced by NASCAR. NASCAR discussed this format change thoroughly with its TV partners. Bottom line: this was a true group effort.”

Hopefully, NASCAR officials will recognize that everything comes back to the fans. If they don't watch the race telecasts or buy grandstand tickets, sponsors will be less willing to sponsor teams and buy TV commercials. Then the broadcast rights for the series (soon to be negotiated for the 2007 season and beyond) will be lower and race purses will be less. Everyone will lose. The smaller sponsors present the greatest challenge; keeping them happy and involved in the sport is far more important than trying to make 10 high rollers happy (the big spenders want to beat as many opponents – and appear in front of as many eyeballs – as possible, and they're willing to pay for it). If NASCAR doesn't grasp the concept, it might not be long until we see the "NASCAR Invitational for the Nextel Cup" featuring 12 cars. How much money – from fans, sponsors and TV Networks – is that likely to generate? Marketing executives don't even want to consider that possibility, but they might have to – soon.

Time will tell whether this new points system will succeed in increasing viewership for the last 10 races. For now, there are a lot of people who are crossing their fingers and praying that NASCAR hasn't killed the sport's golden goose.

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Earnhardt crew celebrates a sweet victory Photo: Allsport

Publisher's note:

This is the second in a series of motorsports analyses from eMOTION! REPORTS Associate Publisher and Motorsports Editor John Chuhran that attempts to leave no administrative or technological stone unturned. The first in the series, "*How Ferrari and Bridgestone Stole The 2003 Formula One World Championships*" garnered significant response from corporate and media colleagues alike. We fully expect a similar reaction to "Goose", especially when one considers the extraordinary and depth and specificity – my view – of this piece.

We are nevertheless cognizant of Bill France, Jr's ill health, and we wish him a speedy recovery. I did have the privilege of speaking rather extensively with him in

1987 as we were preparing to launch the ill-fated Coca-Cola New Orleans International Race Fest, a first Grand Prix for that city, with SCCA Trans-Am as the primary race. We had sought to do two races a year for this street course that wound around the Super-Dome and downtown pathways, and for this, I inquired about the possibility of bringing a Busch Grand National Race to one of the country's premier tourist destinations.

Bill France was most cooperative and gracious – we had never met – and much to our surprise, if not shock, he approved the venue. I'll never forget that.

But, we are concerned, as John has so eloquently and directly stated, that the Grand Dame of motorsports for the masses may suffer irreparable harm through implementation of this points system. France, Sr., had a clear entertainment, marketing, sales and to a certain extent, racing technology advancement, vision that was, and is still is, summed up with the statement “Win on Sunday, sell on Monday”.

Crafter and advocate of the new system Brian France, should remember that one of the primary reasons for strong auto industry support is that motorsports provides an accelerated technological test bed, a real world, real time, proving ground wherein victory is achieved through driver skill and mastery of a mechanical contrivance incorporating components that quickly find their way to production vehicles -- their worth having been proven unquestionably.

A point of contention, however, has always been NASCAR's insistence on *not* embracing new technology under the traditional guise of “maintaining a close and competitive race.” The death of Dale Earnhardt, Sr. forced a change in that thinking, but in our view, it still hasn't gone far enough. And now, they court additional consternation on the part of industry and fans by attempting to create a “market infallible” race wherein the outcome, despite claims to the contrary, can almost be determined before season end. Obviously, the existence of a quasi-predictive end of race season mechanism is a marketers dream; NASCAR marketing that is. No more having to wait for the last race to know who the season's champions and runners –up will be. Think of the never ending ability to craft multitudinous marketing strategies sure to increase revenues. Besides, it's so provincial having to depend on driver skill and vehicle performance superiority. Who ever had the odd idea that these latter elements were the primary determinants of a championship season and a champion?

How stupid of the industry and fans to believe such...

Carpe diem,

Myron

Myron D. Stokes, Publisher

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Matt Siporin, Web Editor

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