Emulating NASCAR: The Application of NASCAR’s Success Factors to the Developing Auto Racing Segment of the Korean Sport Industry

Sanghak Lee, Indiana University - Bloomington
Paul Pedersen (Advisor), Indiana University - Bloomington

Management/leadership Abstract 2010-127
June 4, 2010 2:20 PM
25-minute oral presentation (Audubon F)

Background

The National Association for Stock Car Auto Racing (NASCAR) is the second most popular and commercially successful sport in United States (Spanberg, 2008). When NASCAR was founded in 1948 in Florida, few people would have guessed it would be such a popular sport in just over a half-century. Prior studies (e.g., Fleischman & Pearce, 2004; Hagstrom, 1998; Mueller, 2008) have suggested various reasons for the commercial success of NASCAR in such a relatively short period of time. While NASCAR has witnessed exponential growth over the years, auto racing in Korea has yet to become more than a niche sport with a relatively small following. It is interesting to note, however, that the Korean auto manufacturing industry is the fifth largest in the world and the country’s motor industry is one of the most important engines driving the Korean economy. Despite Korea’s deep connection with the auto industry, Korean auto racing in any form is not very popular and such a disconnect is uncommon because the popularity of auto racing in a country usually correlates well with a vibrant auto industry in other countries around the world.

Purpose

The current study has three main purposes. The first objective of this study is to examine, organize, and summarize the success factors associated with the rise of NASCAR. The second purpose is to investigate – through a comparison to the NASCAR success factors – the reasons the Korean auto racing segment of the sport industry has not been developed. The third purpose of this study is to use the success factors of NASCAR to provide strategies for the development of Korean motor sports.

Methods

This study used a qualitative approach to address the three purposes illustrated above. The researchers first examined various secondary sources (e.g., practitioner publications, academic journal articles, newspaper and magazine articles, racing histories and biographies) to arrive at a comprehensive analysis of the success factors of NASCAR. Second, expert interviews were conducted with key motorsports leaders in Korean (e.g., organizers, promoters, sponsors, media members) to discover the reasons for – and to provide suggestions for improving – the limited growth of Korean auto racing. The experts also provided input regarding the development of management and marketing strategies associated with this segment of the sport industry.

Results

First, the findings revealed that NASCAR became a popular sport because of its fundamental characteristics (e.g., fan friendliness, low-cost involvement, fairness to stakeholders) and became a commercial success because of seven evolutionary efforts. The commercial success occurred through (1) building super speedways, (2) televising races, (3) attracting major sponsorship, (4) securing non-automotive stakeholders, (5) expanding races geographically and ethnically, (6) pursuing globalization, and (7) fostering a young generation of fans. Second, the researchers found several reasons why Korean motorsports have struggled despite the thriving auto industry in the country. First, the automakers, who are the foundational sponsors in auto racing, are part of an oligopoly in Korea. Thus, they have not felt the necessity of sponsoring auto racing. Second, there have been limited investments in the race tracks throughout the country (only one race track near Seoul, the capital of Korea). Therefore, there are limited opportunities for auto racing organizers and promoters to host races, promote the sport, and sell tickets. Third, big companies based in Korea (e.g., Samsung, LG, Hyundai) have not participated in auto racing as sponsors. Lastly, major television networks have shown little interests in broadcasting auto races. Therefore, in contrast to the success factors in the NASCAR, the four major limitations above have curtailed the development of auto racing in the Korea.
Suggestions

The findings of this study can provide unique insight into the Korean motorsports segment of the sport industry. Many experts have stressed that the Korean automakers’ participation in the sport is required in order to develop motorsports in the country. Because of the oligarchical structure of the auto industry in the Korea, the attainment of such sponsorship is out the control of the organizers and promoters of auto racing. Therefore, the experts have suggested three critical issues that stakeholders can address in order to improve the status of auto racing in Korea in the near future. First, they noted the importance of race tracks as significant revenue sources for promoters, teams, and drivers, etc. Such tracks can facilitate intense and exciting race car performances and overall events. Second, many racing experts have suggested that the major companies be integrated into the development process of and eventually sponsor auto racing in Korea. Lastly, similar to the impetus for NASCAR's major growth, the organizers and promoters of auto racing in Korea need to secure the public’s interest in sport through extensive and targeted television broadcasts. The increase in coverage and attention – along with the eventual media rights fees – will be critical in the development of auto racing in Korea.