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In Slow Economy, FitzBradshaw Offers Companies Another Route

By [Tim Glase](#), Staff Writer, *The Sports Business Daily*

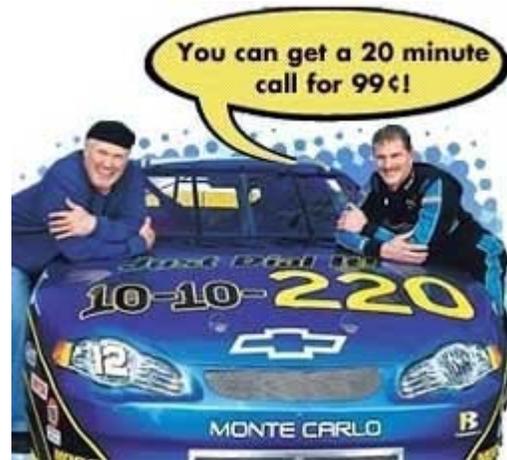
NASCAR's boom in popularity is coming at a time when many companies are pulling back advertising dollars in a sluggish economy. The effect is easily recognizable in the Busch Series, where only 21 teams had full-season primary sponsors this past season. But one Busch Series team making tremendous strides in the marketplace is FitzBradshaw Racing, a team co-owned by Armando Fitz and NFL HOFer Terry Bradshaw, which just completed its first year with Kerry Earnhardt driving the team's No. 12 Chevy. While competitive Busch Series programs usually cost around \$5M per year, FitzBradshaw, recognizing that some interested companies weren't able to support a team at the primary sponsorship level, implemented a model that's cost-efficient for companies and also stresses activation, cross-promotion and B-to-B opportunities. The team's model allows sponsors to get in on a limited basis by being featured as the primary sponsor for select races only. The sponsors end up spending less, but still enjoy the benefits of a primary sponsorship. Fitz recently discussed his sponsorship model with THE DAILY. Fitz: "My thought was to go out and try to find three companies that could come on board, give us a \$1.5 million to \$2 million in sponsorship and dump another \$1 million to \$1.5 million in promotional marketing. ... In the end, you end up getting more money, and you also end up getting three companies promoting your race team and your driver. It's a better overall program." Fitz didn't get just three sponsors, he got four, signing Supercuts, Jani-King, MCI and Just Born Inc. MCI leveraged its 10-10-220 service, while Just Born promoted its Hot Tamales candy. As an added value, Fitz said, "If a company was a primary sponsor, then they automatically became an associate for every other race. So there was continuity. They had a program that went from the start of the season to the end in one level or the other."

COST: Spending less money on a sponsorship opens up more funds for companies to activate. Just Born Product Manager Doreen Perini said, "To take that money and put it to a full sponsorship, I would have no money to activate." Fitz said that Supercuts could afford to fund a full-season sponsorship, but at the expense of activation. Fitz: "My whole thought process with Supercuts was just to take 20 races, spread them out, so it's like they're doing the entire season, then they could take the rest of the money and activate." The hook for Jani-King, which had a full-season primary sponsorship in '01 with Bill Davis Racing, was the ability to spend more in conventional marketing. Jani-King Dir of Racing Jason Thiesfeld said spending less in NASCAR enabled the company "to redirect monies we were spending the year before into more traditional types of advertising."

ACTIVATION: With four partners activating their sponsorship, FitzBradshaw Racing became one of the most highly-visible teams on the circuit. Supercuts' efforts included showcar appearances, TV and radio, as well as print, including placement in USA Today. Just Born was able to activate through a limited edition Kerry Earnhardt Hot Tamales box. While Just Born's efforts centered around Earnhardt, Perini expects to start leveraging Bradshaw next season. Jani-King ran heavy TV, radio and print on a regional basis, while MCI was a major player in TV and print ads featuring Bradshaw and Earnhardt pitching its 10-10-220 service. Fitz' model also offers unique opportunities for sponsors to activate through cross-promotion. Fitz said, "When we bring on a sponsor, the

first thing we look at is, 'Are there any cross-promoting opportunities?' ... I make the introductions and get all the right people together, then I sort of step back." For example, during '02, Supercuts sampled Hot Tamales at its show car appearances and also made the candy available in its stores.

TEAMWORK: The B-to-B element is also a key component in FitzBradshaw's model. Hot Tamales leverages its business partnerships during races in which it has an associate role with the team by offering up space on the No. 12 Chevy to a retailer, depending on the kick back that retailer offers Hot Tamales. Jani-King's Thiesfeld said Fitz' model was unique and beneficial because of the B-to-B component. Thiesfeld: "What it does provide us is a contact and a working relationship with other companies, so it kind of puts the ball in our court as far as trying to develop some business-to-business opportunities. If you're a full-time sponsor, you wouldn't get that opportunity."



Bradshaw Putting Muscle Behind Kerry Earnhardt's No. 12 Chevy

WHO'S GOT DIBS? One of the challenges to Fitz' model is the logistical challenge that comes with having four primary sponsors. Negotiating how many races in which each company would like to be featured is one thing, but divvying up the markets is another. Fitz: "We couldn't let Supercuts pick the 20 best markets, but they got to pick 15 key markets, and we gave them five other races." With Bradshaw being an NFL analyst for Fox, MCI was interested in races during the first half of the '02 season, which Fox broadcasts. Fitz said that by the time Jani-King and Hot Tamales came on board, "there wasn't a whole lot of races they could pick, but we were able to accommodate both of them." Just Born's Perini: "I try to get at least one race within the different regions, so we can have our sales managers leverage it with their biggest accounts in that region." Fitz said, "The next hardest thing is having enough cars, because a lot of race teams will run the whole season with 8-10 cars. That's impossible to do with four sponsors." The team ended up competing this past season with 18 cars.

WHAT'S AROUND THE CORNER? For the '03 season, Supercuts, Just Born and Jani-King will return to the No. 12 team in capacities similar to what they had in '02. While Fitz is currently trying to sell three races with that team, he is having ongoing negotiations with MCI to return. FitzBradshaw also hopes to add a second Busch Series team next season, using the same sponsorship model it used for Earnhardt's operation. Additionally, FitzBradshaw will attempt to field a No. 83 Chevy for Earnhardt in seven Winston Cup races next season. Hot Tamales and Supercuts will each sponsor the team for one race, while Aaron's Sales & Lease Ownership will back the team for the remaining five events. The limited Winston Cup slate is in preparation for a full-time effort in '04.

AND DOWN THE ROAD? Fitz is bullish on his sponsorship model, and he expects more race teams to follow suit. Fitz: "In the next three to five years, I can easily see probably ten to 15 Winston Cup teams doing the same thing. As costs keep rising, I can't see 30-35 companies that can afford to spend \$15 million on a sponsorship and then spend another \$5 million to \$10 million promoting it." Petty Enterprises is one team that is considering Fitz's model in its search for funds for driver Christian Fittipaldi's program, which consists of select races in Winston Cup, Busch Series and ARCA. Petty Enterprises Exec VP Bill Scott said, "The creativity FitzBradshaw has shown, has shown us another way, [and] there are several companies that are interested in that model. We're going to find a way economically to make that work for them." Fitz added, "It's a little bit of a logistical nightmare, but it's a way for the teams to get that sponsorship."