“Winning” in NASCAR

by Winner’s Circle on January 28, 2012

Kurt Rotthoff loves auto racing — so much that he uses his Ph.d in applied economics to, in part, examine the economics of NASCAR. He is a co-author on a paper that looks at which drivers got the big NASCAR sponsorships, and why. “In NASCAR,” he writes, “winning is not necessarily everything.” The Winner’s Circle caught up with Rotthoff at his office at Seton Hall University in South Orange, New Jersey, where he is an assistant professor of economics and finance.

Questions for… Kurt Rutthoff

Rotthoff holds rear slick from Mario Andretti’s 1994 Indy Car

If winning isn’t everything, what else are sponsors like Monster Energy Drink and Office Depot looking for?

Getting your sponsor mentioned is what matters. We find that it is not just the act of winning, but also leading laps and having experience. Leading laps allows a sponsor to be mentioned throughout the race and the more experience the driver has, the more they are discussed in the sport. Because sponsors want their brand to be recognized, they are looking for drivers that get their name mentioned.
Photo courtesy of Kyle Busch Motorsports

In other words, it’s all about exposure.

The sponsors are not looking for someone that is only going to be talked about in one or two races. They are looking for exposure throughout the season. Because of this, they value drivers that will be talked about in many different races.

Can being the son or brother of another NASCAR driver get you that kind of exposure right from the start?

We find that being [related to a NASCAR] driver only matters … if you are the son of a superstar.

For a few years now, fans have grumbled about the shrinking NASCAR rookie class. But the way you explain sponsorship, we can see how it would be pretty hard for a young driver to break in.

Rookies are risky. These sponsorship contracts are for huge amounts of money, tens of millions of dollars. Because they are huge, the sponsors want people who will win races, and who will get their sponsorships mentioned and who bring capital.

Rookies are unknown commodities, in a sport where the career length seems to be increasing with time. These days, drivers can make it longer in the sport. Safety devices in general mean less injuries, so there’s not as many people being pushed out as they get older. With an older driver, you know what you are getting. There’s more of a guaranteed outcome for the sponsors.

So how does a newcomer enter NASCAR these days? Is it simply not an option?

You have to make a splash. Danica Patrick is doing that this year because, in part, of her gender.
I remember when Joey Logano came in, he was young and was the star of the season. He got some big sponsorship deals coming in.

Take Dale Earnhardt Jr. He’s talked about all the time in NASCAR; at the same time, he’s probably not the most successful driver of all time. Sponsoring him is about building the brand name capital.

The sponsors’ ultimate goal is to get mentioned. The drivers who can make that happen are few and far between. Everybody is looking for them.

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