

This article first appeared in the March 2009 edition of Racecar Engineering magazine

HE'S THE BUSINESS



CHRIS AYLETT

Matters of the moment

In a new, semi-regular feature, Chris Aylett, CEO of the MIA, responds to queries concerning issues currently facing the motorsport industry

Q What real effect will be felt by the motorsport industry from the current global economic downturn?

A The first thing to say is that not all the news is bad - read more closely and success is also evident. Automotive headlines are bad, but the USA now expects to sell 14 million cars this year, and in 2008, car sales in Europe achieved 92 per cent of the previous year. Each sector will be affected in different ways and motorsport is no different.

Overall though, there will be less competitive mileage driven in 2009 and 2010. That mileage means money to the industry, but testing, events, series and entrants are reducing, maybe by around 20 per cent, so there will be 20 instead of 25 cars on an average grid, 12 events will become 10 and so on. There will also be significant reductions in travel, accommodation, hospitality, off-track promotions and circuit advertising.

However, any manufacturer, once committed to race, will spend all it can to win. There is no point if the aim is not to win, as winning delivers the promotion and advertising reward sought. This is good news for motorsport engineering, which will

benefit from this focus.

Sadly, there will be job losses - some have already occurred - but only a few weeks before the season commences, they are surprisingly few. We may still see some last-minute failures, just before the season, when deals fail to materialise.

Television coverage will increase, from demand for TV sport by those with enforced leisure time. We will see less of the extreme excesses and 'show-off mentality' in paddocks, however, as neither sponsors nor audiences will tolerate this. And not before time, some will say!

The focus must be on delivering an improved television and live entertainment spectacle. The more we capture new audiences by improving the entertainment, the better our future will be.

Q What business strategies can be used to minimise the impact of the downturn during 2009?

A Credit is short or non-existent right now, so care with cash is paramount. Companies must focus on those areas that deliver the best margin - not necessarily the best sales - which will bring a long overdue 'spring clean' for some.

Focussing on core assets and skills, some

companies will diversify into more secure, government-funded sectors, such as defence, aerospace or marine.

And some countries are in a better position than others - perhaps South America or the Middle East. The Gulf States have little motorsport at present,

largest and most diverse market for motorsport in the world, but now a successful European motorsport solution can be delivered at 25 per cent lower prices than a year ago - and all buyers need to save money, regardless of location.

Working more closely with the motorsport

Hope is also not a good sales strategy. Top quality sales and marketing help is needed urgently. This is a long overdue development, as it has always been an industry weakness. Car brands will need motorsport to help sell their cars, just as they did in the past.

Companies must focus on those areas that deliver the best margin

but have the funds and facilities in place, while South America has an abundance of both and, with current exchange rates, is an excellent target area.

The USA, however, even with its substantial downturn, remains the

business community will be the way forward - sharing problems, entering into new partnerships, exchanging business leads and using pro-active networking meetings with others to work together. It's not a good time to go it alone!

In summary, companies will need to run lean and mean, with focus on securing a good margin from well-funded customers. When we look back, we may remember this recipe as being one to follow, whatever the business cycle! 



Diverse US racing scene includes popular series such as hard fought Midget racing