

# Education and debate

## British American Tobacco and Formula One motor racing

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Internal documents show that British American Tobacco's racing team has been successful in promoting the company's products, especially in emerging countries. Tougher worldwide action is needed to counter the tobacco industry's influence in Formula One

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Sponsorship of sport has become central to the marketing operations of transnational tobacco companies as more direct forms of tobacco advertising have been curtailed by regulation.<sup>1-4</sup> Tobacco sponsorship of motor sports remains an efficient way to reach boys<sup>2</sup> and young men.<sup>3</sup> The influence of tobacco companies has contributed to races increasingly being held in emerging markets throughout Asia that have minimal regulation or negotiated exemptions; races in more regulated countries such as Austria, Belgium, and Canada have been threatened or withdrawn.<sup>w1-3</sup> In 1999, a new development emerged, when British American Tobacco (BAT) established its own Formula One racing team, British American Racing. Sponsorship of Formula One motor racing by tobacco companies is thus a powerful challenge to public health legislation aimed at reducing smoking.<sup>5</sup>

### British American Racing

Unlike the tobacco sponsors of other Formula One racing teams, BAT is the majority shareholder in the British American Racing company.<sup>6</sup> To ensure that its association with Reynard Racing Cars would not interfere with brand communication and consumer profits,<sup>w4</sup> BAT was determined to name the team British American Racing rather than Reynard,<sup>w5</sup> and

the logo—a speeding tobacco leaf—was developed to mirror that of BAT.<sup>w6</sup> (Formula One teams are typically known by the car makers; Marlboro may sponsor Ferrari, but the team is known by the name Ferrari.)

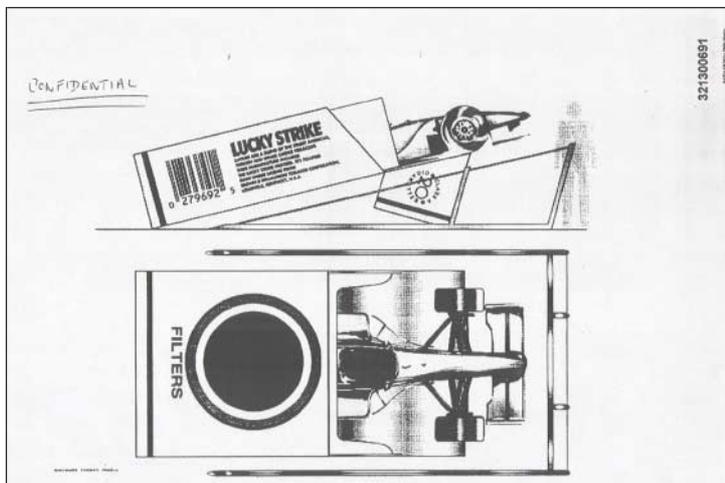
### Benefits of sponsorship for BAT

Although British American Racing has not produced a competitive car until this year,<sup>7</sup> newly produced documents suggest that BAT was content with the effect of the sponsorship on the fortunes of its key brands, specifically among adult smokers under 30.<sup>w7-w8</sup> Documents also show that BAT was able to develop the global appeal of its brands through extensive broadcast media coverage specifically directed at young people, merchandising proposals and activities aimed at children and young people, and race sponsorships in emerging markets in Asia.

The prospect of maintaining a visible presence on television screens to mediate the effect of advertising bans was fundamental to the appeal of sports sponsorship,<sup>w9</sup> allowing BAT to develop its Lucky Strike and State Express 555 (SE 555) brands more effectively on a global basis. Formula One was seen as particularly valuable because "TV coverage is massive around the world for each of the sixteen races" and "there is a genuine association with the team, vital for image building."<sup>w10</sup>

The ability to project a distinctively dynamic, young, and international imagery was also critical to the company's enthusiasm for greater participation in Formula One. In 1985, for example, exploitation of the performances of Ayrton Senna in a Lotus car in the distinctive black and gold livery of John Player Special was seen as having revitalised the brand in Brazil: "Research confirms that it has a younger image than before, is more dynamic, more human and credible and quite clearly international."<sup>w11</sup>

Furthermore, Formula One would allow BAT to build corporate goodwill, as teams and organisers have generally displayed few qualms about receiving money from tobacco companies. The role of BAT as a race host would "assist in developing relationships with key



BAT document showing model car in cigarette box



References w1-w35 are on bmj.com

decision makers, otherwise known as ‘ticking the soft underbelly of the decision makers,’<sup>w12</sup> providing “an ideal opportunity to build up on relationships, close the deal and to generate goodwill to the company.”<sup>w13</sup>

## Media and merchandising

BAT’s entrance into Formula One was accompanied by its Lucky Tribe campaign.<sup>w14-w16</sup> This campaign had an estimated direct advertising value of \$20m (£11m, €16.5m) and a public relations value of \$60m during the first quarter of team’s launch in 1998.<sup>w17</sup> It was created to build awareness of the Lucky Strike brand by “targeting young people on an international scale” through “cable, digital and new media broadcasting.”<sup>w18 w19</sup> According to SLAM, the company that reviewed the Lucky Tribe concept for BAT in 1999:

Young people are traditionally early adopters of new media capabilities and consequently a very receptive audience. (MTV, the world’s most extensive and successful global network, is a good example of this.) Thus, we face both a tremendous opportunity as well as a significant challenge. Because this is new territory, securing buy-in and commitment of media companies may well be a difficult and delicate task.<sup>w20</sup>

BAT also explored merchandising products targeting children and young people such as racing car models.<sup>w21</sup> A memorandum in May 1999 from the Merchandising Group to Tom Moser, head of global sponsorship at BAT, describes a proposal for distributing three million toy model cars with a Brazilian newspaper from August to October 1999.<sup>w22</sup> A BAT document from around 1999 depicts a model car, such as the one described, encased in a Lucky Strike cigarette box (fig 1).

The Merchandising Group additionally proposed using British American Racing driver Jacques Villeneuve for merchandise. A November 1998 fax from the group to Tom Moser details the proposal:

We feel strongly (and have also been advised by professional animators) that we should not follow the “cuddly/funny animal” character concept as in the NFL pre-game show, Disney theme parks or events like the World Cup. We feel this concept has run its course and is probably more popular with very young children rather than “kids”... Our direction will be computers. For example a computer rendered character as in the characters from the play station game Tomb Raider or Tekken.<sup>w23</sup>

Video games, in fact, are increasingly a key merchandising outlet for Formula One (fig 2). Formula One races are also promoted to children and young people in schools and colleges,<sup>8</sup> as well as in street celebrations.<sup>9</sup> An internal discussion during an April 2000 BAT legal conference questioned whether the company should abandon practices that allowed “close to the edge” advertising such as trademark diversification in Formula One:

‘Very interesting debate highlighting the tensions inherent between maximizing profits (by advertising close to the edge) versus being ‘responsible’ by withdrawing advertising non profitable TMD [in] F1 sponsorship.’<sup>w24</sup>

## Reaching emerging markets

BAT has sponsored rally races in China for several years under its SE 555 brand. According to a 1997 BAT memo to its public relations firm, Edelman, “The

strength for 555 in the [Asian] region is that the few Western characters that they can understand is numerals.”<sup>w25</sup>

Additionally, a 1992 pan-European study identified Formula One as being more influential in “the less economically developed markets.”<sup>w26</sup> By 1997, the company wanted to expand into Formula One through the grand prix of China,<sup>w27</sup> where tobacco branding restrictions are minimal. This would allow teams to run tobacco sponsored cars with their full branding. Tom Moser detailed a meeting with the President of the Federation of Automobile Sports of the People’s Republic of China, Max Mosley of Fédération Internationale de l’Automobile (the sports governing body), and Bernie Ecclestone of Formula One Administration, in which BAT sought to obtain title sponsorship and exclusive signage of the 555 cigarette brand in a Chinese grand prix.<sup>w27-w29</sup> Moser internally emphasised the importance of BAT’s relationship with Bernie Ecclestone: “Allies such as Bernie Ecclestone are available to us and properly briefed play a tremendous role in effecting legislation.”<sup>w30</sup> The first Chinese grand prix will take place in Shanghai in September 2004.

BAT’s Formula One Lucky Strike and SE 555 public relations plans for Asian markets<sup>w31</sup> included prewritten stories developed for print media<sup>w32</sup> and planned media seminars<sup>w33</sup> to “incentivize journalists to consistently write stories and publish photos” about British American Racing.<sup>w34 w35</sup> BAT’s market research suggested that its efforts in Asia were successful. By June 2000, a significant increase in awareness of Formula One sponsorship by SE 555 was seen alongside significant declines for Marlboro and Mild Seven (a Japan Tobacco International brand).<sup>w4</sup>

## Discussion

BAT’s decision to launch the British American Racing car was a strategic decision to accomplish several business goals, including obtaining name recognition. More substantively, it played a key part in the strategy of internationalising Lucky Strike and SE 555 brands by providing extended television exposure, creating merchandising opportunities targeting young adults, and reaching key emerging Asian markets through planned race sponsorship. During its first four years and a \$500m<sup>10</sup> investment by BAT, the team has never achieved higher than fifth place.<sup>11</sup> However, the partnership has been rather more successful in the business of selling cigarettes.



Formula One video game

### Summary points

Tobacco companies are increasingly reliant on sports sponsorship to advertise their products

BAT's co-ownership of British American Racing gives the company more visibility than sponsorship

Internal BAT company documents show that the association with Formula One is successful in promoting brand awareness and reaching youth through extensive television coverage

Formula One has abandoned its commitment to be free of tobacco sponsorship in 2006 and is establishing races in countries with fewer advertising regulations

All countries need to ratify the WHO's Framework Convention on Tobacco Control to control advertising through motor racing and curtail the spread of the tobacco pandemic

Critically, Formula One seems comparatively content to be reliant on funding by tobacco companies and to be used to advance their global interests. The structure of the sport is changing so as to more effectively promote the interests of its sponsors, shifting races from heavily regulated European markets towards important emergent markets, particularly in Asia. As part of this process, races have been used as political pawns in an attempt to curb public health regulation of tobacco products. Numerous countries have granted advertising ban exceptions to Formula One in order to prevent the loss of coveted national races.<sup>12</sup> This reduces the financial incentives to find alternative sponsors and has been exacerbated by the Fédération Internationale de l'Automobile's recent abandonment of its earlier commitment to become tobacco-free in 2006.<sup>13</sup>

Both the BAT documents and these recent events highlight how Formula One has become a core feature in the ongoing globalisation of the tobacco pandemic. The World Health Organization's Framework Convention on Tobacco Control<sup>14</sup> encourages countries to

enact comprehensive bans on tobacco advertising, sponsorship and promotion and could greatly undermine the value of Formula One to the tobacco industry. Member states should move rapidly to ratify the convention to stop the continued use of Formula One racing to promote tobacco products.

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### One hundred years ago

#### A viceregal slight

The Lord-Lieutenant of Ireland, the Earl of Dudley, has informed the Presidents of the Royal Colleges of Physicians and of Surgeons respectively that the privilege of the private entrée to the levées and drawing-rooms at present enjoyed by them *ex-officio* will not be extended to their successors. The Colleges have replied, expressing their surprise and regret at the unmerited slight, but His Excellency remains firm. The reason assigned for this proceeding is that it is not possible otherwise to find accommodation for the many heads of Government departments. The reason is entirely inadequate. The Presidents of two great Colleges, representing a large body of educated

gentlemen, are certainly as much entitled to enjoy this convenience and privilege as the numerous chiefs of small so-called "departments." Indeed, they have a greater claim than a number of the well-salaried gentlemen who rejoice in large incomes and easy duties. We assume that the same rule is to be applied to the future Provost of Trinity College, the Presidents of Queen's Colleges and of various professional corporations. Of course they will resent such a breaking of old custom, but His Excellency is not inclined to alter his decision, and there is no appeal. There can be no doubt that a grave mistake has been made, which will not help towards popularity. (*BMJ* 1904;i:392)