

July 13, 2006

Deborah Platt Majoras Chairman Federal Trade Commission 600 Pennsylvania Avenue, NW Washington, DC 20580

## Dear Chairman Majoras:

I am writing to request that the Federal Trade Commission, as part of its planned review of alcoholic-beverage advertising and industry self-regulation, closely examine the dramatic recent expansion of alcohol advertising and sponsorship in NASCAR auto racing. The aggressive "alcoholization" of NASCAR is now occurring contemporaneously with escalating marketing and public relations efforts by NASCAR to recruit young, new consumers to motor sports. NASCAR auto racing already commands the attention of millions of young persons in this country.

We are troubled that alcohol marketers use NASCAR sponsorship as a vehicle to reach large numbers of young, impressionable children with messages that indelibly link alcoholic beverages with the skill, courage, intensity, and excitement of high-speed driving. The heavy sponsorship of racing teams and drivers by alcohol producers, perhaps as intensely as the beer ads that appear during commercial breaks, communicates numerous positive, dramatic attributes of the sport – daring, courage, speed, and alcohol – to young people. Children under age 11 are likely to be influenced to believe that alcohol and high-risk driving are a legitimate, normal combination. The power and excitement of NASCAR racing confers authority and desirability onto the drivers, who serve as role models for young people.

Young people (especially those younger than 12 years old) lack the social and intellectual sophistication to understand fully the reality that alcohol and driving are a potentially lethal mixture; such mature adult thinking ability develops only gradually throughout adolescence. Furthermore, alcohol sponsors' paltry "responsibility" messaging (most of which is adult-focused and predicated on drinking) falls far short of steering young people from risk. It almost certainly fails to counter effectively the many powerful, positive associations young people make with the products promoted, because the emotional power and excitement of race action overwhelm the rational "responsibility" messaging that rarely includes similarly powerful images.

For many years, NASCAR racing teams have had beer sponsors and race telecasts have featured beer advertisers. Beer company logos and indicia, as well as race title sponsorships have become nearly synonymous with the sport. In 2005, liquor companies,

too, began sponsoring race teams. Today, NASCAR has 5 alcoholic-beverage "premier" sponsors, making alcoholic beverages the largest NASCAR sponsor category among all other consumer goods sponsors. Alcoholic-beverage sponsors include: Anheuser-Busch/Budweiser, Miller Brewing/Miller Lite, Diageo/Crown Royal whiskey, Jack Daniels Country Cocktails, and Beam Global Spirits and Wine/Jim Beam.

The prominent and questionable presence of alcohol sponsors in motor sports – together with the sport's youth appeal – should set off alarm bells. Certainly, the concentration of alcohol sponsorship demands serious review. Anheuser-Busch is the title sponsor of the Busch Series Racing Events (which includes some 35 races each season), the Budweiser Shootout on the Nextel Series race circuit, and the Dover and Riverside Budweiser races. Tony Ponturo, A-B's director of sports marketing, views branded signage at sporting events as providing "tasteful impact and unique TV exposure. We [Anheuser-Busch] talk about it as the *fabric of the game*. When your signs are part of the playing field, you can't avoid that."

Diageo, marketer of Crown Royal and the world's largest marketer of distilled spirits, has also become a large and growing commercial presence in NASCAR. It is the title sponsor of the Crown Royal 400, the Crown Royal Grand American Challenge of Long Beach, CA, and the International Race of Champions Series (IROC). In addition, Diageo is a "presenting" sponsor of The Grand American Rolex Series and exclusive whiskey of the Grand American Road Racing Association that sanctions the Rolex series. In 2005, Diageo served as a primary sponsor of seven NASCAR races; its primary sponsorships will rise to 18 in 2006 and 26 in 2007. It is hardly an exaggeration to observe that NASCAR is drowning in alcohol – in advertising, sponsorships, and promotions such as Jim Beam's national "show car" tour. The expanding association of alcohol and fast cars is happening even as NASCAR draws more and more children to the sport!

NASCAR, routinely touted as a "family sport," has increasingly turned to the youth demographic to expand its audience and fan base. According to NASCAR's own data, the sport is already highly popular among young children. Information produced for NASCAR² boasts that 58% of 2-11 year-olds and 50% of those 12-17 are NASCAR fans. NASCAR is the second-most popular televised sport (only NFL football has a larger audience) among all age groups, including 7-11 year-olds. In fact, the number of young people ages 7-20 who watch NASCAR races is almost three-quarters as great as the number of people ages 21-34 who do.<sup>3</sup> Tens of thousands of young fans attend racing events, often with their parents,

 $http://\underline{www.egroupnet.com/3M/nascar/documents/Brand\%20Review/2005\%20NASCAR\%20Brand\%20Review.ppt,} accessed 6/12/06$ 

<sup>&</sup>lt;sup>1</sup> Street & Smiths's Sports Business Journal, "Facilities, sales meet in St. Louis conference," (Vol. 9 Iss. 5) May 22-28, 2006, pp 6-7).

<sup>&</sup>lt;sup>3</sup> Because industry demographic data are compiled for age groups 2-17 and 18+, we estimated (using a census-proportional factor) the number of persons in the 18-20 category to arrive at this comparison.

adding to the number of underage persons exposed to branded alcoholic-beverage messages.

According to NASCAR, its fans are more than 10% more likely to have children under the age of 18, and they're extremely loyal consumers of products that sponsor the sport. <sup>4</sup> It's hardly a wonder that alcohol producers would want to reach an audience that includes large numbers of young people who are loyal fans, because underage persons in this country account for between 11 and 20% of all alcohol consumption. <sup>5</sup>

A cursory examination of NASCAR's web site illustrates both the sport's youth appeal as well as the many means NASCAR uses to attract young fans. Not only are NASCAR drivers heralded as heroes and youth role models, the site promotes driver fan clubs and offers miniature model race cars – with alcohol-branded insignia – for sale, some for as little as \$5.00. Additionally, the site provides information about numerous youth-oriented programs and community service charitable activities that NASCAR has initiated or participates in, at least in part to help attract the attention of the important youth demographic. Those programs are delivered through the NASCAR Foundation and related racing team foundations associated with star drivers.

NASCAR (through its celebrity drivers) plays an important role in the All-American Soap Box Derby (the top youth and family racing-oriented program in the country), which involves youth ages 8 to 17.<sup>7,8</sup> The Urban Racing School in Philadelphia gives inner-city youth ages 8 to 18 a chance to learn more about motor sports. National spokesmen for the school include celebrity racers Dale Earnhardt Jr. and Jeff Gordon.<sup>9</sup> Many similar initiatives, such as "Racing for Literacy," "Speediatrics," (NASCAR-themed pediatric units), and Speedway Children's Charities mix philanthropic and marketing motives.<sup>10</sup>

NASCAR's youth appeal is also directly promoted in Hollywood, where the company now has a 19-person office that serves to assist film producers to incorporate driving themes into popular feature films. That effort has begun to pay off. NASCAR officials and drivers played extensive roles in the family film, *Herbie Fully Loaded*, which starred 19 year-old teen idol Lindsay Lohan. "[The movie] reflects positively on the sport. It's a family story, and we like to think of racing as a family sport," crowed

Dick Glover, NASCAR's president of broadcasting and new media. <sup>11</sup> NASCAR even shared in the profits from the film.

In March 2004, NASCAR and Warner Bros. collaborated with IMAX on a 47-minute racing documentary for release at museums. No doubt a favorite among children,

<sup>7</sup> http://www.aasbd.com/SBD about 1.htm

<sup>&</sup>lt;sup>4</sup>http://<u>www.egroupnet.com/3M/nascar/documents/Brand%20Review/2005%20NASCAR%20Brand%20Review.ppt</u>, accessed 6/12/06

<sup>&</sup>lt;sup>5</sup> http://www.casacolumbia.org/Absolutenm/articlefiles/151714.pdf

<sup>&</sup>lt;sup>6</sup> www.nascar.com

<sup>8</sup> http://www.nascar.com/2006/news/headlines/cup/05/07/jjohnson.soapbox.derby/index.html

<sup>&</sup>lt;sup>9</sup> http://www.urbanyouthracingschool.com/aboutus.html

http://foundation.nascar.com/NetCommunity/Page.aspx?&pid=208&srcid=282

<sup>11</sup> http://www.scenedaily.com/stories/2005/06/13/scene\_story3.html, accessed 5/31/06

the film became one of IMAX's most successful releases. Dick Glover, NASCAR's man in Hollywood, also told CNNmoney.com<sup>12</sup> that a NASCAR-related morning kids cartoon program is in the works.

Other projects in development that will appeal to underage persons include *Hammer Down*, starring heartthrob Matthew McConaughey (*How to Lose a Guy in Ten Days*) and *Talladega Nights*, with perennial film goofball Will Ferrell (who has regularly appeared in films aimed at, and popular with, young audiences – e.g., *Kicking and Screaming, Elf, Anchorman*). According to the *Washington Post*, NASCAR "jumped on the chance to get involved [in *Talladega Nights*], offering racetracks, drivers and expertise." NASCAR was so heavily involved that two of its executives ended up with production credits. *Sports Business Journal* reported in May<sup>13</sup> that a documentary about champion driver Dale Earnhardt will be produced for debut in Florida just before the 2007 Daytona 500 and will follow the stock car circuit through much of the season. It will reach an estimated audience of more than one million devotees of the "family sport."

Although NASCAR was not directly involved in its inspiration or development, the company has begun to make marketing hay among young people from *Cars*, a fully animated, Grated, Pixar Studios cartoon film about race cars, released to the public in June 2006. Prior to the official release, the film premiered on May 26, 2006, projected onto four giant screens at Lowe's Motor Speedway. The crowd at that "family sporting event" numbered some 30,000. The movie, which has been heavily promoted to all audiences, will "add value for us [NASCAR]," according to Dick Glover. "It'll make kids really fall in love with these cars. And hopefully, the next time they see a NASCAR race on television, they'll say, 'Oh, there's the race cars, can I watch it?" "14

Richard Petty, one of the sport's true iconic drivers, told the *Washington Post* why NASCAR was so thrilled by the G-rated cartoon, *Cars*: "It's a neat deal. ... For us to survive, every time we lose one of the old fans, we gotta gain two fans. That means two-to-one in order for us to keep growing..."

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Can there be any doubt that NASCAR has children in its marketing crosshairs? Or that its search for young fans is a major attraction for alcoholic-beverage producers that thrive on youth alcohol consumption?

NASCAR is a big sport; ubiquitous on television. It commands a loyal following of millions of fans, many of them underage. More than 6.7 million fans attended Nextel

http://money.cnn.com/2006/05/26/commentary/column\_sportsbiz/sportsbiz/, accessed 5/30/06

<sup>&</sup>lt;sup>12</sup> Isidore, Chris. "NASCAR goes Hollywood".

<sup>&</sup>lt;sup>13</sup> Spanberg, Erik. "No. 3 is back on the circuit." Street & Smith's SportsBusiness Journal Vol.9 Issue 5, May 22-28.2006.

<sup>&</sup>lt;sup>14</sup> Isidore, Chris. "NASCAR goes Hollywood". http://money.cnn.com/2006/05/26/commentary/column\_sportsbiz/sportsbiz/, accessed 5/30/06

<sup>&</sup>lt;sup>15</sup> Clarke, Liz. "Wheeling and Dealing: NASCAR's One of Hollywood's Brightest Stars." The Washington Post. 5/20/06.

Cup races alone in 2004,<sup>16</sup> where the cars roar by repeatedly as speeding billboards. Ample signage, uniform logos, clothing, and beverage vendors round out the total on-site promotion of alcoholic beverages. Through television and at the track, millions of young fans as young as seven are inundated by messages that instill liquor and beer brands as natural elements of the high-speed, high-risk driving environment in which drivers are champions and heroes.

"Responsibility" messages, much touted by alcohol sponsors, seem to be an afterthought. They're absent on most of the alcohol-branded cars and generally inappropriate for underage persons. "Drink responsibly," a pro-drinking message, is hardly one that suits young people, for whom alcohol consumption is illegal and problematic. Unlike adults, many children do not possess the skills to understand that driving and alcohol don't mix. They see the excitement of the sport, not the underlying causalities of commercial intent and potential dangers. Children as young as 12 are influenced by the strong, positive associations of product, champion (hero) driver, and risky driving. Industry "responsibility" messages – which rarely include the same powerful associations – simply can't compete.

As the Federal Trade Commission has previously suggested, alcohol marketers should abide by high standards – at a minimum, industry best practices – when placing their advertising in venues that attract substantial audiences of underage persons. That standard is especially relevant when the advertising and sponsorship send the implicit message that alcohol and fast cars are a legitimate combination. We urge the Federal Trade Commission to examine whether beer and liquor promoters that advertise or sponsor race teams and/or cars in NASCAR meet appropriate advertising standards. Please include this inquiry in the Commission's proposed set of orders to alcohol producers expected to be issued soon.

Thank you for your consideration,

Sincerely,

George A. Hacker Director Alcohol Policies Project

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<sup>&</sup>lt;sup>16</sup> "Life in the Fast Lane," US News and World Report Online, Nov. 22, 2004 (http://www.usnews.com/usnews/biztech/articles/041122/22nascar 3.htm)