

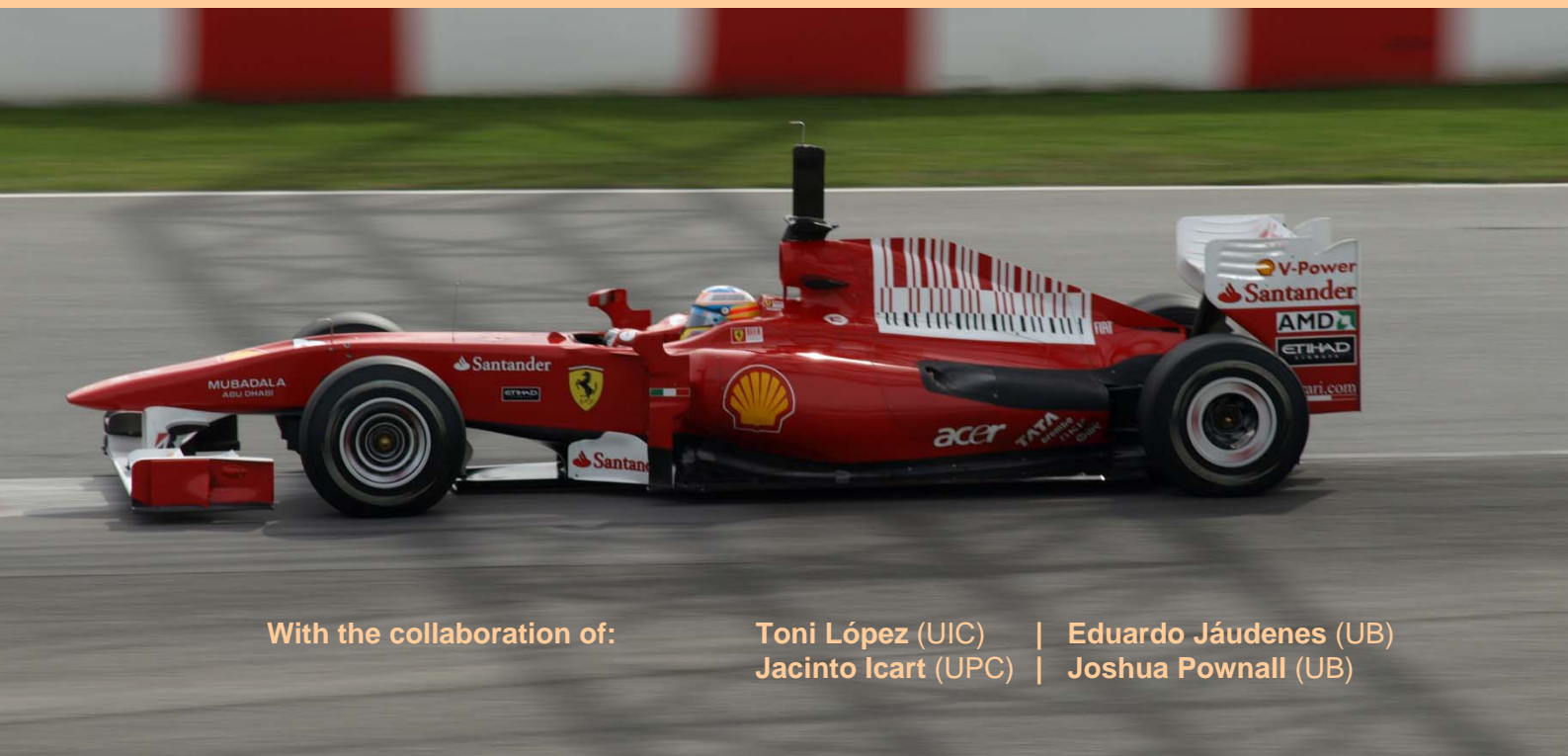
Report on the media value of *Formula 1*

Season 2009

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The Economics, Sports and Intangibles (ESI) research group has just released its annual "Report of the media value of the Formula 1, season 2009". The study's authors, Pedro Garcia del Barrio (Universitat Internacional de Catalunya) and Francesc Pujol (Universidad de Navarra), have developed over some years a procedure for evaluating intangible assets based on their media value.

The index proposed by ESI research group is based on measures of popularity and notoriety, and has direct implications in areas of business where brand value is the main income-generating asset, as in Formula 1.

Ranking of drivers and teams

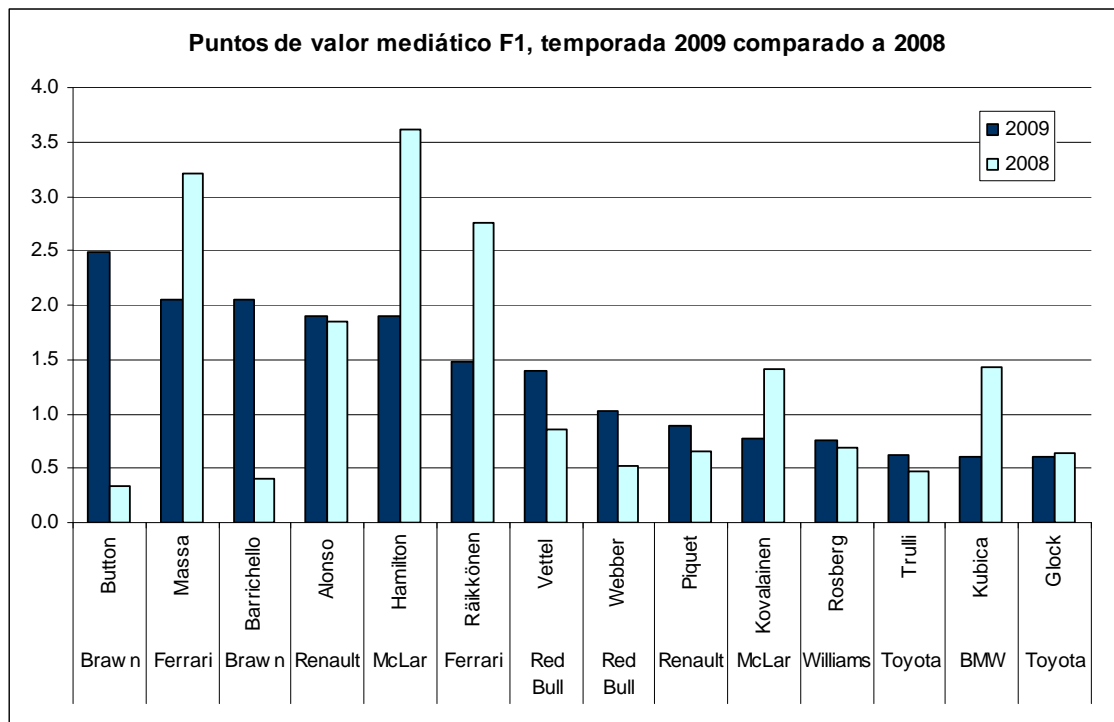
As usual, the report opens with a chapter on the media value of F1 drivers and another is focused on the media value of F1 teams. The last season (2009) has been atypical as regards the sports achievement of teams and drivers; a feature that has delivered an unexpected media value ranking, very different than in previous editions. The following table summarizes the status of the drivers in the 2009 season.

Table 1. Media value and points of Formula 1 drivers, season 2009

| <i>Ranking of media value of F1 drivers, season 2009</i> | | | GP Points | | |
|--|-------------|--------------------|------------------|------------------|--|
| Piloto | Team | Media Value | 2009 | 2004/2008 | |
| 1 Jenson Button | Brawn | 2.49 | 95 | 187 | |
| 2 Felipe Massa | Ferrari | 2.05 | 22 | 294 | |
| 3 Rubens Barrichello | Brawn | 2.05 | 77 | 193 | |
| 4 Fernando Alonso | Renault | 1.90 | 26 | 496 | |
| 5 Lewis Hamilton | McLaren | 1.90 | 49 | 207 | |
| 6 Kimi Räikkönen | Ferrari | 1.48 | 48 | 407 | |
| 7 Sebastian Vettel | Red Bull | 1.39 | 84 | 41 | |
| 8 Mark Webber | Red Bull | 1.02 | 69.5 | 81 | |
| 9 Nelson Piquet | Renault | 0.89 | 0 | 19 | |
| 10 Heikki Kovalainen | McLaren | 0.77 | 22 | 83 | |
| 11 Nico Rosberg | Williams | 0.76 | 34.5 | 41 | |
| 12 Jarno Trulli | Toyota | 0.62 | 32.5 | 143 | |
| 13 Robert Kubica | BMW | 0.61 | 17 | 120 | |
| 14 Timo Glock | Toyota | 0.61 | 24 | 27 | |
| 15 Nick Heidfeld | BMW | 0.60 | 19 | 175 | |
| 16 Jaime Alguersuari | Toro Rosso | 0.46 | 0 | 0 | |
| 17 Adrian Sutil | Force India | 0.39 | 5 | 1 | |
| 18 Sébastien Buemi | Toro Rosso | 0.29 | 6 | 0 | |
| 19 Kazuki Nakajima | Williams | 0.25 | 0 | 9 | |
| 20 Sébastien Bourdais | Toro Rosso | 0.24 | 2 | 4 | |
| 21 Giancarlo Fisichella | Force India | 0.23 | 8 | 173 | |

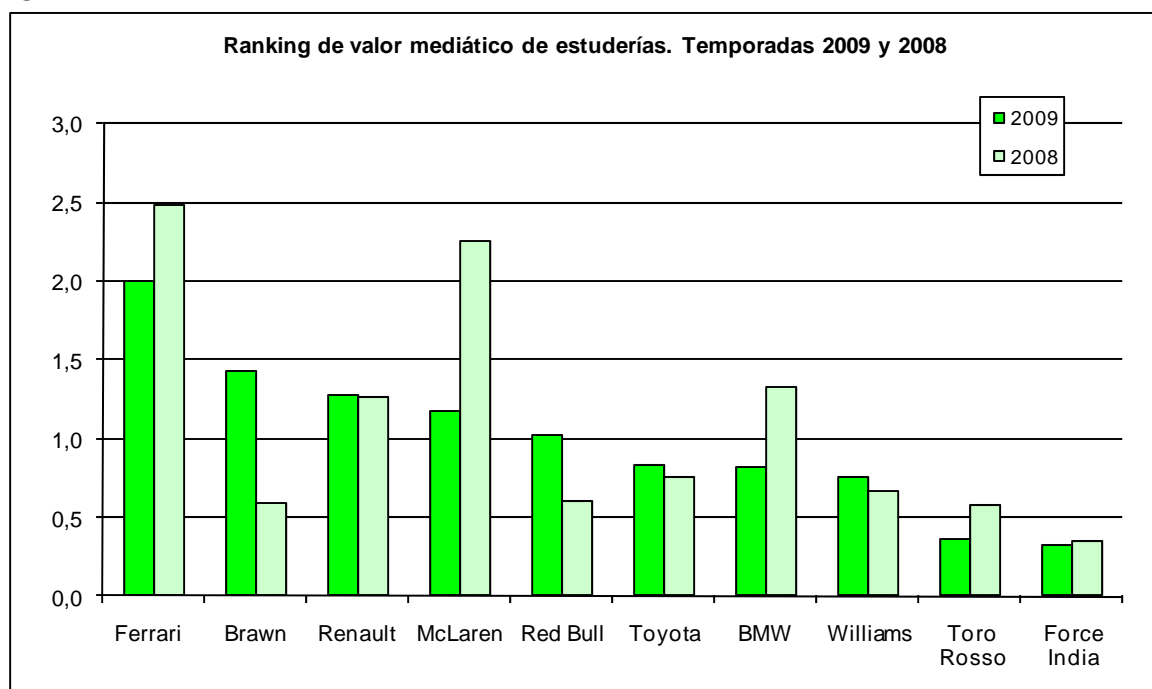
As shown in **Figure 1**, changes in the media value ranking of F1 drivers in 2009 (compared to 2008) are spectacular. Jenson Button, champion of 2009, had a poor presence in the media until the last season, in which he largely increased his media value status. Similarly, Rubens Barrichello moved up to the third position of the media value ranking. Regarding the losers, Lewis Hamilton is the one that has suffered the largest fall in media and brand value. The media value status of Fernando Alonso has remained almost unchanged, since his team performance was already poor in season 2008.

Figure 1. Evolution of F1 drivers' media value. Seasons 2008 and 2009



However, with regard to the teams, the media value ranking has not experienced drastic changes compared to earlier editions. The classification has historically been led by Ferrari, at least since 2006, when ESI research group started developing its Formula 1 media value ranking. As shown in **Figure 2**, Ferrari maintains the status of media value leader worldwide, even if the 2009 season was not very successful in terms of team performance.

Figure 2. Evolution of F1 teams' media value. Seasons 2008 and 2009



The excellent sport performance displayed by Brawn during the whole 2009 season, has translated into substantial increase of its media value. At the same time, other teams (such as McLaren and, to some extent, also BMW and Ferrari) have suffered important reductions of media value level.

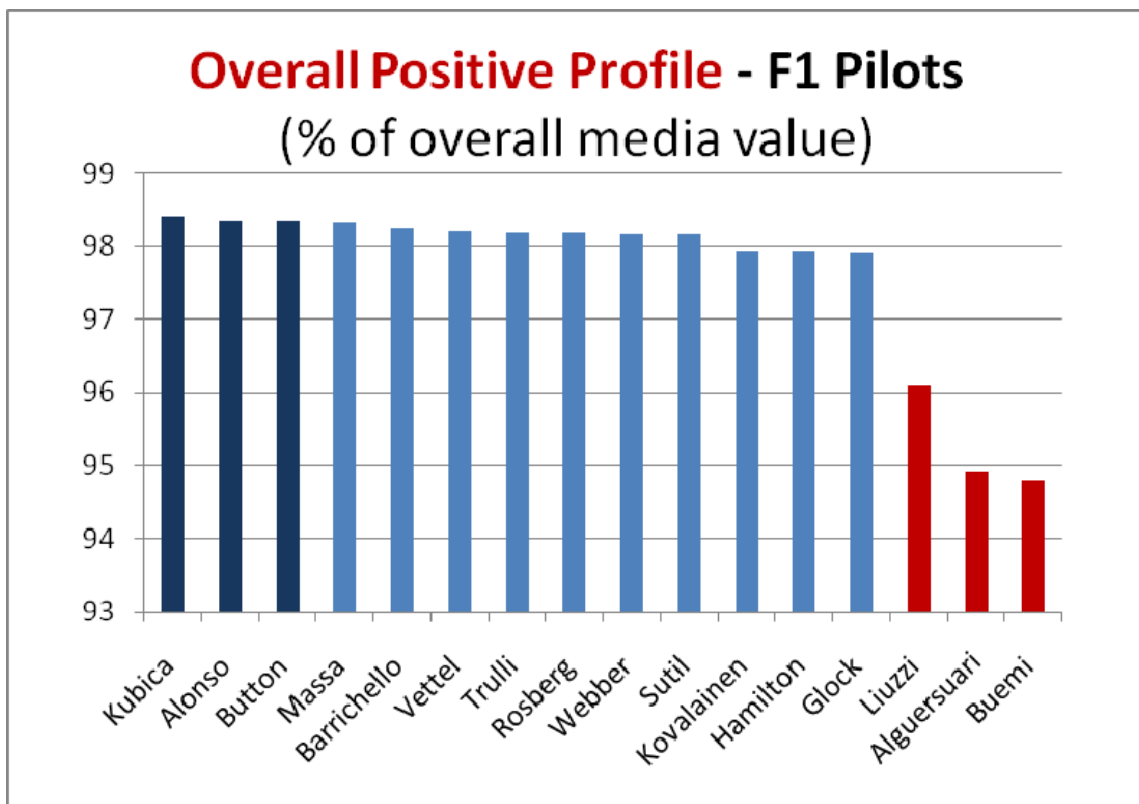
Together with Brawn, the teams with the richest historical records of sport success are those having obtained the greatest levels of attention in the media.

Brand profile of drivers and teams

The ESI report explores, as well, qualitative issues such as the reputation of brands in Formula 1. This feature is of the greatest importance as regards decision making in the field of sponsorship, merchandising, broadcasting contracts, etc. Based on detailed individual analysis, **Figure 3** summarizes the main outcomes about Formula 1 drivers' reputations. The graph excludes individuals who are not competing in the current 2010 season.

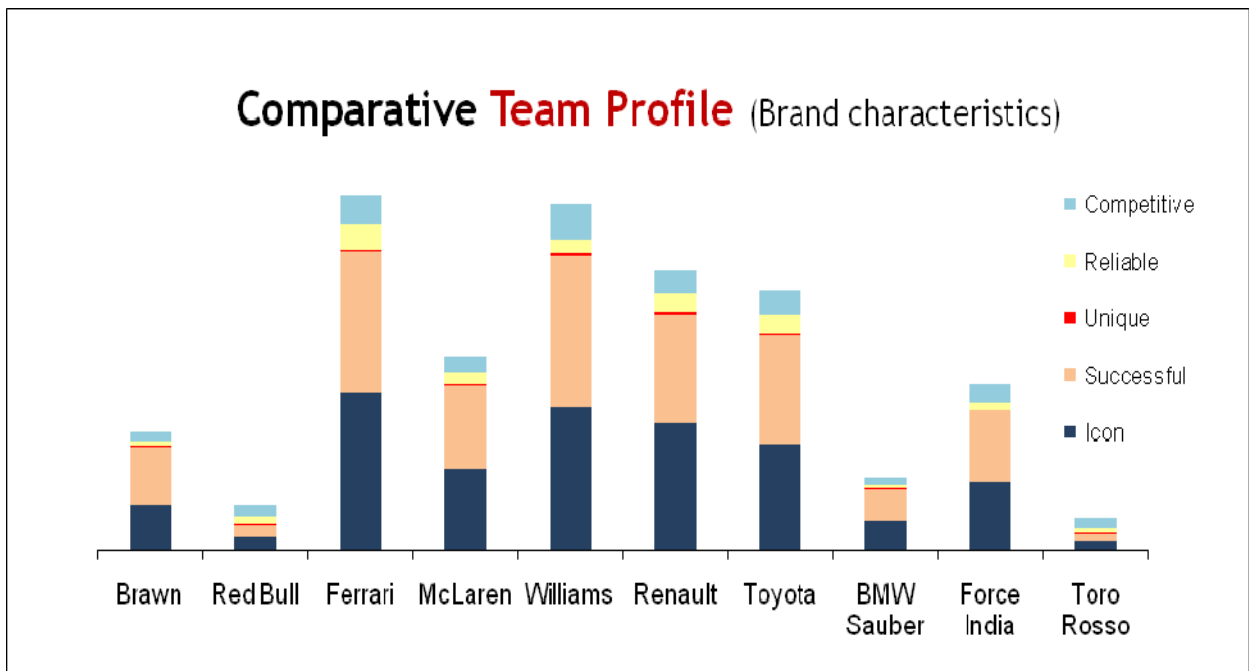
The outcomes on the reputation of F1 drivers are highly favorable (the public perception is very positive for every one of the F1 drivers, as indicated by the high positive percentage attached to each of them), and permits differentiating Kubica, Alonso and Button above everybody else.

Figure 3. Global Ranking of current Formula 1 drivers



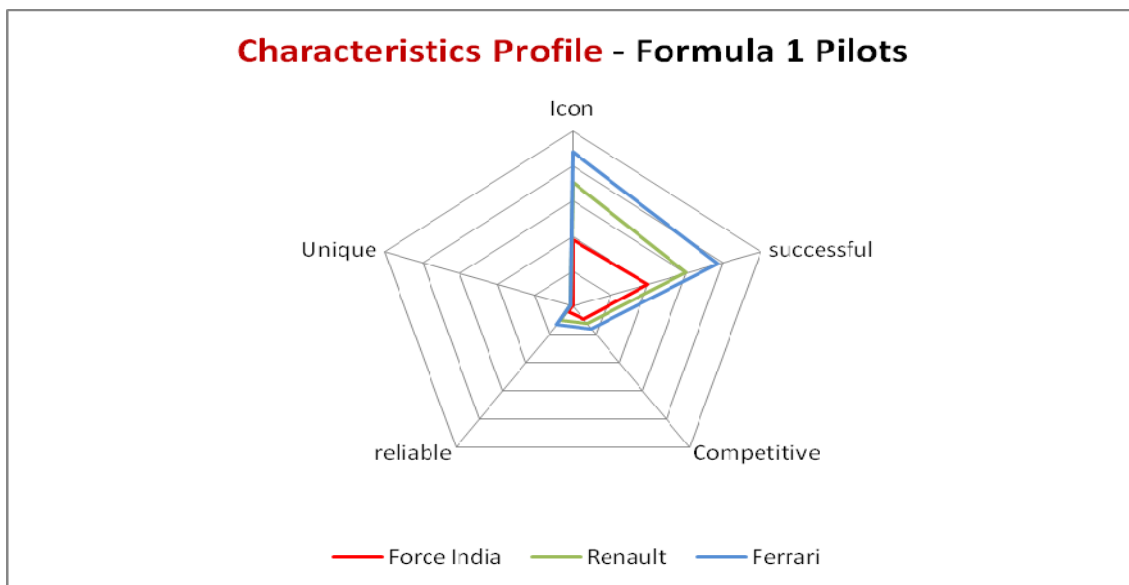
As for the comparative position of the teams, in relation to its brand reputation, the report's findings also confirmed the leadership of Ferrari. The information contained in **Figure 4** reports the main features on which the teams base their brand reputation.

Figure 4. Team ranking by global reputation status and its components



Another way to illustrate the main strengths of F1 teams' reputations, and their relative positioning with respect to competing brands, is provided by **Figure 5**. The inspection of this diagram allows us to appreciate the dominance of Ferrari, which is far ahead of Renault and Force India in every one of the traits considered.

Figure 5. Comparing reputation profiles of Formula 1 teams

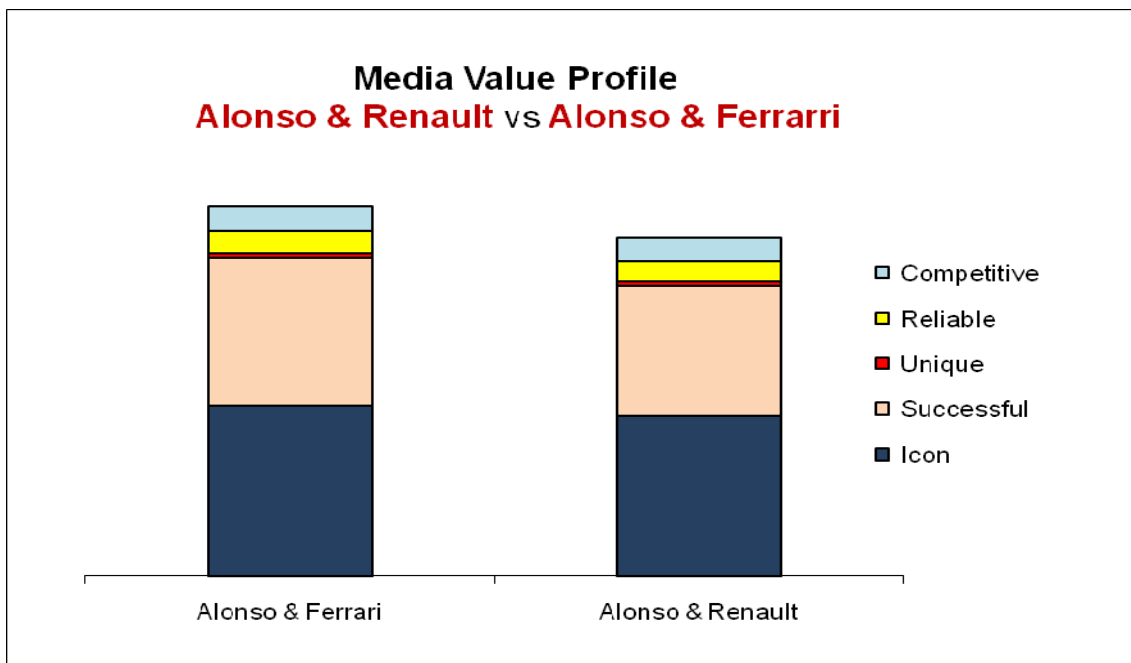
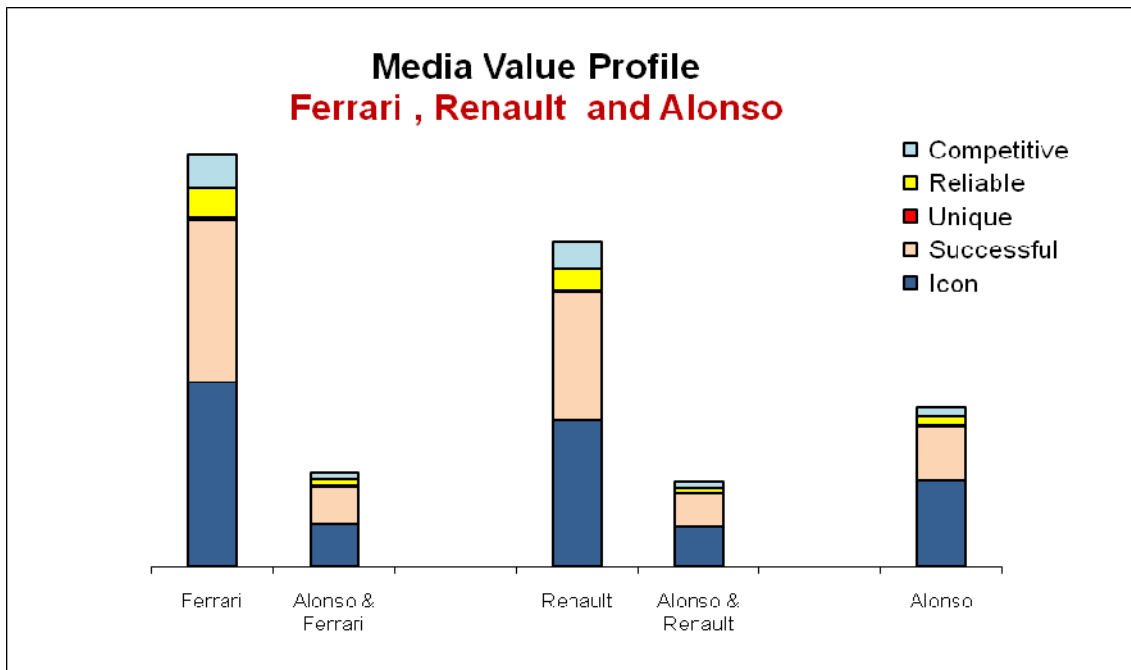


The alliance Alonso – Ferrari

In addition to the traditional ranking of drivers and teams, the ESI report on the media value of Formula 1 (2009) offers other specific analyses. Among them, the last chapter focuses on exploring the media coverage stemming from the coalition of Alonso with Ferrari starting in 2010. The inspection of the joint media value level generated by each driver-team alliance, alongside with the media value evolution of drivers who change teams, provides information to identify the share of media value contribution that corresponds to each protagonist.

Considering the case of Alonso, and comparing his media value profile when associated to Renault with that which he achieved at Ferrari, it is worth noting that just a few weeks competing with Ferrari (during the pre-seasonal period) have been enough for him to reach greater brand status than what he had with Renault. As for which regards the qualitative composition of Alonso's brand reputation, **Figure 6** illustrates that there are no big differences of media profile between Alonso at Ferrari and Alonso at Renault.

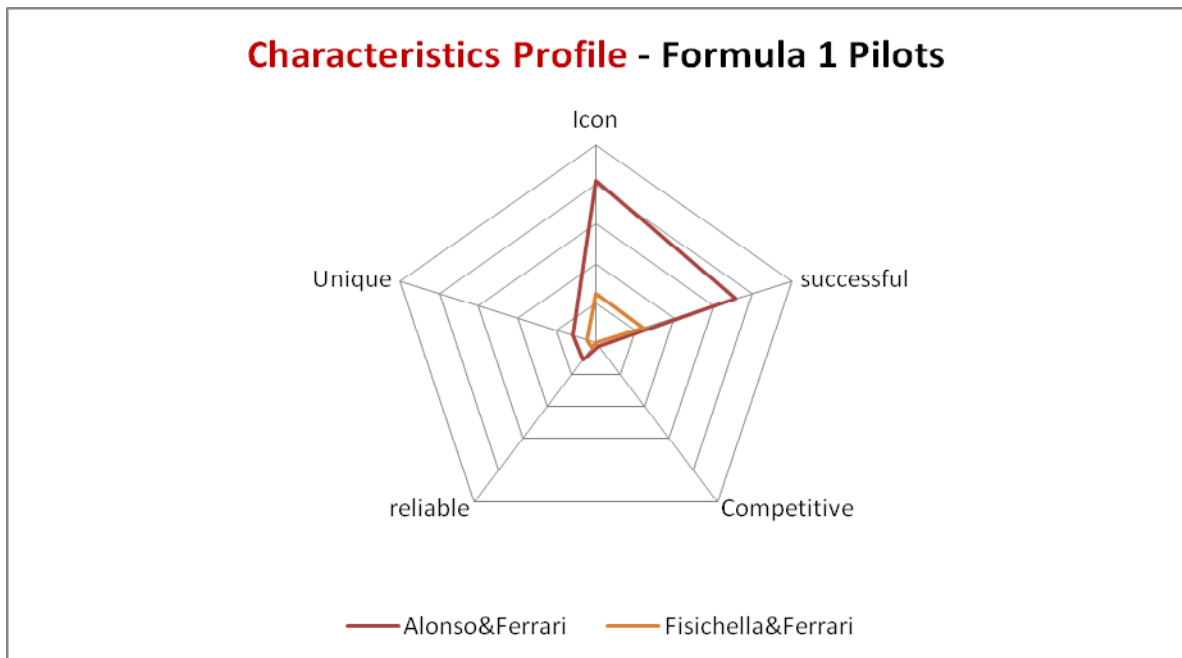
Figure 6. Brand profile of Alonso at Ferrari and Renault



When analyzing the profile of Fernando Alonso, the strong perception that people have of him as a "winner" comes out. Moreover, this trait of Alonso becomes substantially stronger at Ferrari than it was at Renault. On the other hand, the incorporation of Alonso into Ferrari reinforces the status of "icon" that the Italian team already had.

Our findings are also useful for assessing the interaction of the media value contribution procured by drivers and teams. Attending to the gap in terms of reputation, one could evaluate the capacity of F1 drivers for developing their team value as a brand. In this regard, as illustrated by **Figure 7**, the contrast in the comparative position of Alonso with respect to Fisichella is highly significant in all the aspects considered.

Figure 7. Gap regarding the capacity to develop Ferrari as a brand: Alonso versus Fisichella.



The above analysis allows an alternative reading. It illustrates the extent to which a good driver (Alonso, in this case) manages to increase the brand value of a leading team (Ferrari) as compared with the positioning of the same team associated with another pilot (Fisichella).

The representation of **Figure 7** is complemented by the quantitative analysis offered in Table 2. It indicates, for each single characteristic explored, the multiplying factor by which the level of media coverage of a particular brand is increased. Thus, the association Ferrari & Alonso multiplied the media level of the Italian team associated with Fisichella 2.25 times, revealing that the Spanish driver has great potential for developing the value of a brand.

Similarly, according to our results, the capacity that a team like Ferrari has in order to expand the media value of its counterpart becomes smaller if the driver is already a highly reputed professional or when the driver moved into Ferrari from another well-known team.

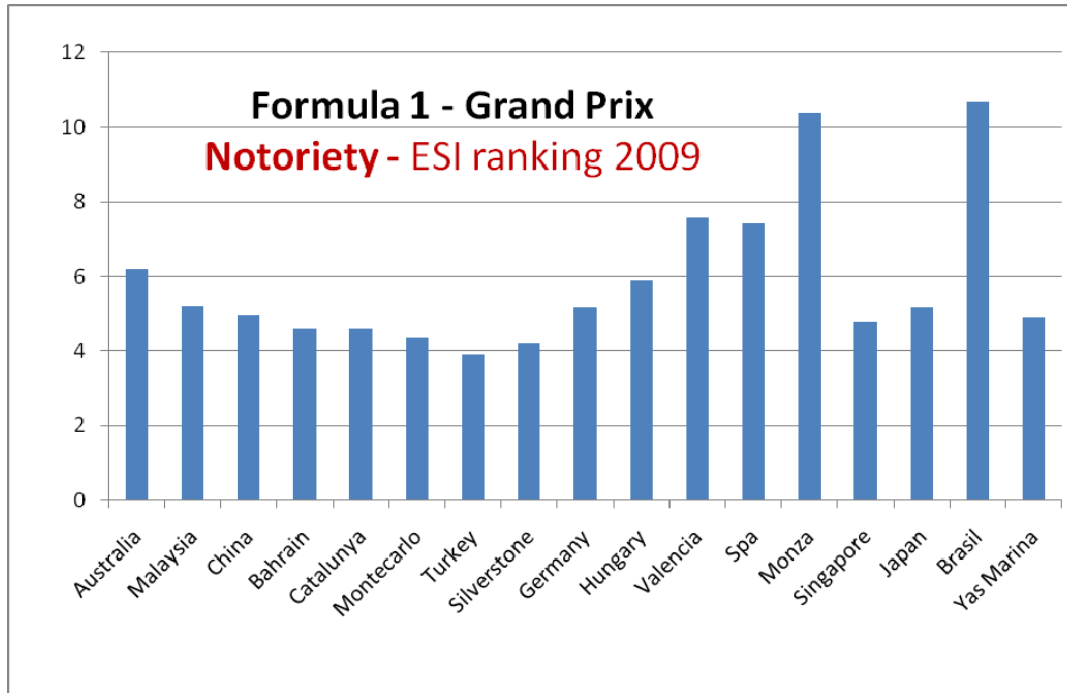
Table 2. Brand development in Formula 1

| Formula 1 - Brand development | | | | | | |
|---|------|------------|--------|----------|-------------|-------|
| Multiplicative Factor | Icon | Successful | Unique | Reliable | Competitive | Total |
| Ferrari&Alonso vs Ferrari&Fisichella | 3,34 | 1,84 | 1,74 | 2,30 | 3,53 | 2,25 |
| Alonso&Ferrari vs Alonso&Renault | 1,20 | 1,20 | 1,10 | 1,10 | 1,10 | 1,20 |

The media value impact of the Grand Prix

Finally, the report includes a specific analysis of the media value throughout the 2009 season. Figure 8 shows the evolution of the notoriety levels in the F1 Grand Prix. The corresponding figures are computed based on the news generated by each single race (the news were collected since three days prior to the Grand Prix and included also the two following days). This analysis allows us to gauge the degree of interest that Formula 1 aroused in the media throughout the 2009 season.

Figure 8 Evolution of the notoriety index in Formula 1. Season 2009



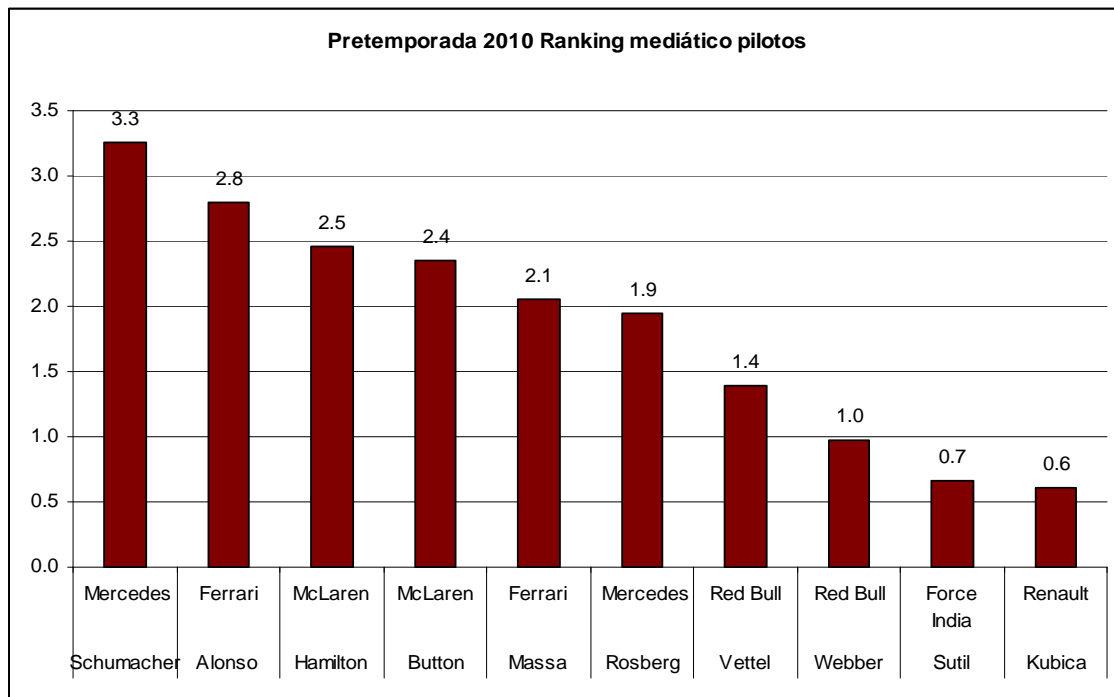
Pre-season 2010: the return of long-established battles

This brief note is going to finish with some predictions about the media value in Formula 1 during the 2010 season. The pre-season has been influenced by two major events: the return of Michael Schumacher, the German driver who won the title seven times and competes with Mercedes GP; and the hiring of the Spanish champion Alonso by Ferrari, the legendary and competitive Italian team.

These two facts have led to a long series of changes in other teams. The new configuration of F1 teams, coupled with the vanishing of the competitive advantage achieved by average teams (like Red Bull and Brawn) in the previous season, have resulted in the F1 competition coming back to "normal."

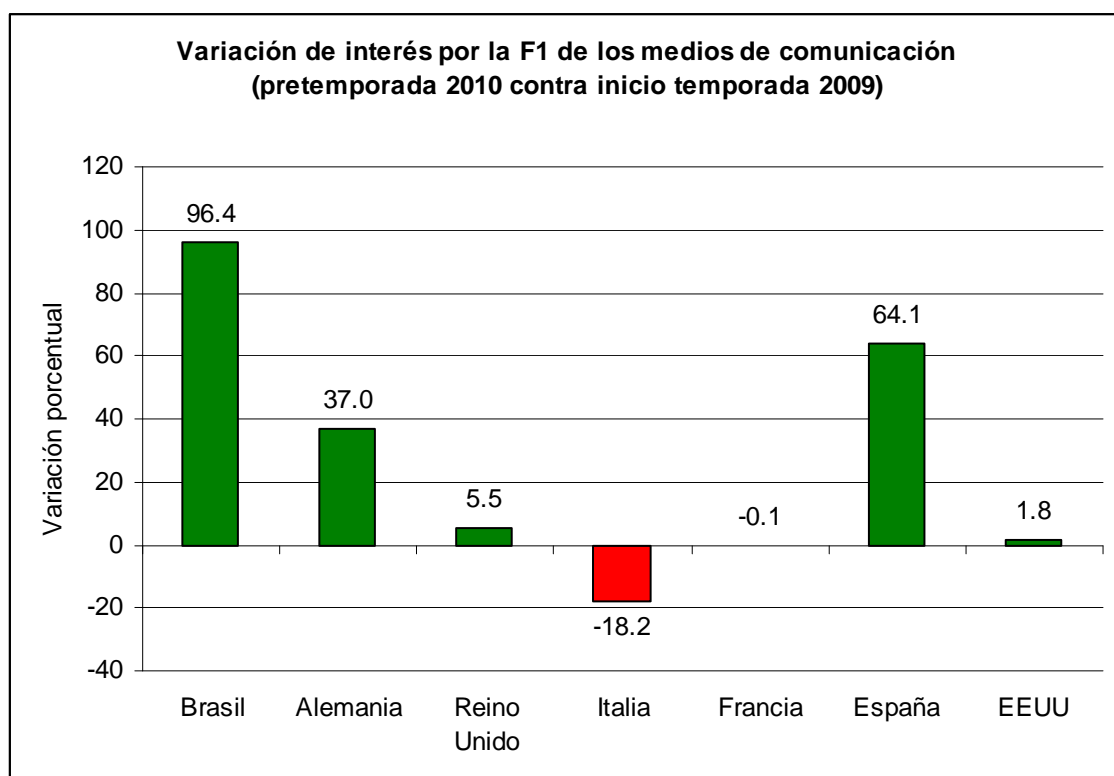
The media value leader during the months prior to the beginning of the F1 competition is Michael Schumacher, who gains 3.3 points; while Alonso (with 2.8 points of media value) recuperates the second position he had three years ago for the last time. The provisional media value podium is completed by Lewis Hamilton, who occupies the third position thanks to his 2.5 points. Interestingly, the first four places are taken over by drivers who have been F1 world winners.

Figure 9. Media Value Ranking in Formula 1. Pre-season 2010



The media value analysis carried out by ESI, permits exploring the temporal dimension in Formula 1 as well as in many other professional sports. Based on a large data set, comprising information of news published in many countries, one can study the media value level in detail by its geographical origin. ESI has collected records on media value since the start of the season in each country. When comparing the 2010 pre-season with the situation at the beginning of 2009, we observe that a number of major facts have fostered the level of interest paid by the media. Figure 9 illustrates, for instance, that the Brazilian market has increased its coverage by 96% within the last year.

Figure 10. Degree of interest in Formula 1: pre-season 2010 versus pre-season 2009



As regards the Spanish market, it has also experienced a large increase by the amount of 64%. Michael Schumacher's return has provoked an increase of 37% in the quantity of news generated in the German market. These data portend a resurgence of media power of the spectacle of Formula 1, which is vital for the teams, drivers, sponsors and all the companies that have signed broadcasting rights.