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A Typology for the Understanding of Structure and Function of a Sports Industry: A Case Study of NASCAR

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ABSTRACT

Examination of sport from a molecular level will help to increase understanding about the nature of a sport. NASCAR (National Association of Stock Car Racing) is a growing sport that has the potential to serve as a case study to understand the structure and function of sport from a molecular level. A framework was developed to analyze the relationships among the actors in NASCAR.

INTRODUCTION

Many of the segments of the sport industry are highly fragmented. Fragmentation has caused a lack of understanding of how sport functions in relation to its super structure. The most important elements of the super structure are economic developments. It is important to segment each of the sport industries because each has peculiarities in regard to its historical and evolutionary development within the United States and international societies (80, 81). Most of these relationships are governed by the world of business. It is critical to understand how sport relates to the world of business and how the business world relates to each sport (22, 87, 109). These relationships are better understood in high visibility sports.

In an effort to gain a better understanding of the relationship between business institutions and a sport, it is necessary to develop typologies to analyze the relationships in a comprehensive framework (25). This type of comprehensive framework is needed to help better define how to do business in the world of sport. The unit of analysis must be a specific sport industry (85, 116). There are significant structural and functional differences among the sport industries. Analysis must be from the bottom (molecular level) to the top (macro level). If a wholistic approach is adopted, then all sports industries are assumed similar. It has, however, been found through practical experience that the same principles do not apply to all sports; therefore, the question is "how are sports industries different?" (107, 120). Because sport industries' differences have not been well understood, the segmentation principles have not been successfully applied. This does not suggest that some major actors, such as international companies, do not cross lines of several
sports. There is a difference at the bottom or molecular level. In order to build understanding, analysis must begin with the specific sports industries and build toward the superstructure (84, 116). An example of the segmentation approach is when individuals who are in different regions of the United States or in different countries have to understand basic cultural and business patterns in order to effectively do business within a specific domain (91). One of the problems of some United States' business institutions has been that some business professionals do not understand the global business cultures (73). These individuals try to impose their cultural framework upon other cultures. Those institutions that have an understanding of the business cultures and the societal dimensions have been more successful than the other business institutions that do not make a concerted effort to learn the specific business practices of a culture.

A segmentation approach must be used to gain a better understanding of structure and function of sport in order to define the building blocks within a particular industry (9, 84). The first step in developing this approach is identifying the relationships among the various institutional structures, as well as their function and identifying a system of classification to study the relationships. This does not negate the superstructure of the particular industry; however, the primary focus of analysis must be on the development of a typology in order to identify these inter and intra relationships (84, 115). The secondary question is about superstructure and the relationships among the component members of the structure. This secondary question is the direct result of the primary analysis.

There are some companies that understand this particular approach to the sport industry. Some of the companies that individualize their approach based upon structure and function are Nike, Coca Cola, and McDonalds (83). The reason for using these examples is that these companies have become icons in the global marketplace. It is their sensitivity to the individualization process that has made them more successful, especially in the international markets. It is not a coincidence that these are three of the largest sponsors across a multiplicity of sports that have developed a connection to promote their product. A molecular approach, therefore, holds some viability for initial exploration as a tool to increased understanding. The companies that have been identified have only started to explore the nature of the structure and function and use the information for "doing business on sport."

In an effort to understand its structure and function, sport must be segmented by sport industries. It is in the molecular unit in which understanding will develop because these are the arenas in which business is conducted and it is conducted differently by sport. A representative sport that is a developmental innovator, especially in terms of sponsorship, is stock car racing/NASCAR (16). NASCAR has been in the forefront of knowing how to do business on sport and developing sponsors (6, 7). Their structure and function is an integral part of the sport. In fact, NASCAR has the highest loyalty ratings of sponsorship to fan product purchases (72%). It is double other sports sponsorships (38%) when loyalty and product purchase is tracked (40, 83).

Motor sports are the most popular type of sports in the United States when attendance is used as a measure (47, 68, 97, 108, 114). Demand is growing at a geometric rate with the development of new tracks and the increased attendance based upon crowd capac-
ity. Because of this demand and the open nature of the structure, NASCAR makes an excellent example because the developmental cycles are related to dynamic changes in the sport. It is a critical time in NASCAR's development because the puristic establishment of the sport is giving rise to a promotional establishment. NASCAR is good business (90). This type of case study is excellent because it will allow the spectrum of any methodology to be tested due to the change that is occurring in the sport. Diversity of change will allow the structure to be examined from a regional as well as a national basis. Important events to a developmental time line are essential to the study to track the evaluation of any development of the sport (27).

The purpose of this study is to examine NASCAR as a representative sport to determine a framework to analyze its structure and function and how these elements influence business processes within the sport. The basic focus is the development of typologies to examine important components of structure and function so that comprehensive models can be developed from the molecular level to gain a better understanding of sport and its relation to business structure.

METHOD

An eclectic methodological approach was used. The basic focus is not the research methodology but the issue and the use of the best methodologies to develop understanding from a systems perspective (28). This is not a new approach but it is becoming more of a necessary tool where an interdisciplinary focus is needed to understand the influences driving a system. It is also necessary to use this type of eclectic methodology to develop a compatible approach among the subsystems. It is the viewing of the issue from a number of positions and different types of data where perspective and understanding are developed. Different methodologies lend themselves to different disciplines and system perspectives to aid in the synthesis process to develop better models. This is an approach using a variety of methods to validate system understanding.

This study was conducted in two phases. Phase one was the isolation or development of typologies and comparative analysis using contextual, historical, and content analysis methodologies. In phase two, the developed framework will be used to analyze the structure and function of NASCAR. The basic method to be used in a follow-up study will be a cross-impact analysis (94, 113). This is a method that examines the interdependence of significant variables. It examines both the magnitude and direction of relationships among component elements. A matrix is constructed based upon combinations of the relationships. Typologies will be needed to construct the overall matrix to identify basic structure and used as interpretive tools in data collecting.

Three methods were used in Phase I to develop a perspective on NASCAR and isolate a framework for analysis. A popular culture analysis was completed in order to understand the nature of NASCAR from a developmental interest perspective. A historical analysis was completed to obtain a perspective of the super structure and its actors. A content analysis was completed to obtain a perspective about functional relationships.

In the contextual analysis, movies from the past ten years were reviewed (for example, Steel Chariots and Days of Thunder) (1, 5), television programs for the past ten years (for example, Dukes of Hazard, Andy
Griffith Show, and In the Heat of the Night), internet for the past two years (chat lines, news programs, and merchandisers), infomercials for the past two years (merchandisers), news programs about NASCAR (Prime, TBN, CNN, and ESPN), and popular magazines for the past two years (for example, Motor Trend, Road and Track, Winston Cup Scene, and Stock Car Racing) were reviewed to determine the nature of NASCAR. Six NASCAR races were attended to obtain the characteristics and nature of this type of event. The characteristics and manifestation of these items were examined to obtain information about the relationships of NASCAR controllers, track owners, racing teams and car owners, fans, merchandisers, media, and sponsors (15). The primary focus of the analysis was identifying the types of individuals and organizations in relation to position and status. Indicators revealed the importance of NASCAR in its development to each of the actors.

In the historical analysis, secondary information sources about the significant developments of NASCAR (books and articles) were reviewed to develop a time frame for significant events (10, 14, 17, 29, 30, 31, 32, 33, 34, 75, 112). The focus of the analysis was on the identification of periods and the development position of NASCAR. The evaluations of NASCAR are based upon the actors and their roles during each of the periods.

In an effort to establish the basic structure of the matrix, a thematic content analysis was completed. Secondary data sources were used over a ten-year period to identify the nature of the structure, as well as the sensitivity in relationships among the structural components. There were over 5,200 abstracts reviewed. Secondary sources were: ABI, periodical abstracts, and newspaper abstracts. These data sources were selected because they comprehensively examine the institutions from a popular, as well as a business perspective. These data sources were searched by key word (NASCAR, sponsorship, management, stock, marketing, owners, drivers, fans, sponsors, merchandisers, media, team owners, etc.) in order to identify the sources. The abstracts were used to establish significant events, structure, and relationships. Where the data was not clear in the abstract, the articles were obtained to clarify the basic structure and relationships. Additional secondary sources were used, such as text and other written material, to clarify where additional research was needed. In addition to these data sources, other secondary sources were Dunn and Bradstreet, Directory of Corporate Affiliation, Standard Advertising Register, Annual Reports, and Study of Media and Markets.

After each of the phases, the research team (two content specialists) discussed the findings and applied the results to the identified typologies. A morphological analysis was used in the classification process (19, 23, 67, 94). The most important variables were identified and their relative importance in relation to their position a matrix was developed. These typologies were then used to classify the major actor, whose position is known, to help determine the construct validity of the typologies.

**TYPOLOGIES**

There were three typologies used to classify the data. These typologies were used to interpret the content analysis data to formulate new typologies. One of the typologies identified was developed by Jack Gaylord in which management styles were related to structure (39). Following are the categories that have been used in the basic structuring
of these management philosophies: single-focus purist, multi-focus purist, tradesperson, achiever, and promoter. The second system that has been used to characterize organizations and/or individuals was developed by Zanger (120) and recognizes the following categories: business is business, promotion, products and services, human capital, and ethics. The third typology, from Howard and Crompton (50), is based on business organizations and their relationship to sport. The categories for the classification are: increased awareness, image enhancement, product or sales opportunities, and hospitality opportunities. There is also companion typology based upon client or consumer decision-making styles. The typology has the following categories: awareness, interest, desire, decision action, and reinforcement.

Gaylord's system (39) has five initial categories: single focus purists, the multi-focus sports enthusiasts, the sports romanticists and tradesmen, the achievers, the developers/producers/promoters. These basic categories are characterized in terms of the relationships of two primary dimensions: love of the sport, and money generated from the sport. The mix is based primarily upon the priority attached or associated with one of these two elements. This represents a continuum of categories with identifiable points. The first category was the single focus purist, an individual who loves one sport at all cost. The second category was the sport enthusiast/multi-focus purist, an individual who loves a number of sports and for whom financially break even is an important factor in the decision making process. The only circumstance that causes a shift in interest of a sport is profit or loss. The third category, the sports romanticist/tradesperson is an individual who loves sports and is willing to trade off money decisions on a basis of circumstance. The achiever is an individual whose primary concern is the achievement of goals. The sport is the high energy activity and high visibility element that adds excitement to the achievement of a goal. The developer/producer/promoter is an individual who uses sport as a tool to achieve personal gains. In addition to the basic characteristics of love of sport and money, there are supplementary dimensions that can be used to develop subcategories. The purpose of this part was to develop dimensions that could be utilized to formulate subgroups. The major categories have been established but to refine the understanding of each of these categories, additional dimensions are needed to further understand the perceptions of those individuals who have been instrumental in the formation and development of an organization. There are extremely diverse perceptual differences, strategies, and philosophies of those individuals who have been instrumental in the formation and development of any organization. Understanding these perceptual differences gives rise to increased understanding about how each philosophy or management strategy works in relation to the organization as well as the external environment. The framework had been formulated as an Osgood Semantic Differential. A scale can be utilized to indicate degree of importance to each of the continuums. Since some of the concepts have been interrelated, a middle category was utilized to indicate that there is no interrelationships if they are not seen as opposite ends of the continuum. The following elements are the basis of the subcomponents of any additional classification: 1) management vs. labor, 2) risk vs. stability, 3) inflexibility vs. flexibility, 4) competition vs. monopoly, 5) well capitalized vs. short capitalized, 6) present vs. future, 7) manipulation vs. truth/business ethics, 8) cooperation vs. ego/self-interest, 9) direct only/revenue generated from sport.
vs. direct/indirect, 10) emotion vs. business sense, 11) sport vs. entertainment, 12) spontaneous vs. structure, 13) franchising vs. league, 14) international vs. national, and 15) real need vs. appeal. The sub-categories associated with each of the primary categories are as follows: the single focus purist be divided into conservative and liberal; the multi-focused sports enthusiast could be divided into competitive enthusiast or fair weather enthusiast; the sports romanticist/tradesperson could be divided into lawyer and accountant; achiever could be divided into goal oriented and status oriented; the developer/promoter/producer could be divided into three categories: exploiter, benevolent dictator, or advertisers. Each of these subcategories were a combination of how the subcategories relate the love of the sport vs. the money context and how it could be operationalized within that context of the particular category.

The system Zanger developed recognizes five basic foci: business is business, promotion, products and services, human capital, and ethics (120). Business is business is characterized by the following words: bottom line, competition/survival, and necessary practices. Promotion is characterized by the following words: public relations, strategies, and competitive edge. Products/services are characterized by the following words: cost effectiveness, consumer interest/amenities, and viable assets. The human capital category is characterized by the following words: organizational investment, motivation, and entrepreneurship. Ethics is characterized by: principles, rules, and perspectives. In addition to these six foci, four primary issues were used in the categorization: money, accountability, purpose, and people. Thirteen components were identified with each of these issues: liability (substandard vs. quality), profits (financial greed vs. reasonable profit), image (image seeking/self serving vs. global concerns), social responsibility (indiscression/cheating/values vs. value-based/honest), change (flux vs. stability), management philosophy (mean/cut-throat vs. reliable/loyal), organization (domination vs. self-directed), working conditions (sweat box vs. benefits), marketing (false advertising vs. propriety), selling (gouge vs. fair price), legal issues (bending the law vs. letter of the law), resources (out-sourcing vs. in-house), and reputation (scandal vs. good reputation). These foci represent a different perspective that is based upon responses of the four issues and thirteen components. There was not a positive or negative position implied by any of the issues, components, or foci. An Osgood Semantic Differential format was used. It is through the varied perceptions that greater understanding will be achieved in relation to characterization of the individuals and organizations.

The Howard and Crompton's (50) typology for characterization of relationships is derived from doing business on sport sponsorship. The following categories are used in the typology: increased awareness, image enhancement, product trial or sales opportunities, and hospitality opportunities. Increased awareness can be characterized as: creative awareness of new products, a common increased awareness of an existing product in new target markets, and by-pass legal prohibition on television advertisements imposed upon tobacco and liquor products. The image enhancement can be characterized as: creating an image for a new product, reinforcing the image of an existing product, changing public perception of an existing product, counter negative or adverse publicity, building pride among employees and distributors for a product, and assisting employee recruitment. Product trial or sales opportunities can be characterized as: offering product trial to
potential new customers, inducing incremental sales through promotional giveaways, coupon tie ins, sweepstakes, and point of purchase displays, creating on-site opportunities, promoting a different use of an existing product, and reinforcing the image of an existing product. The hospitality opportunities can be characterized as: developing bonding with key customers, distributors, employees, and development of in-house incentive opportunities. These categories are not usually mutually exclusive but are evolutionary in nature. If a system is gridded with a consumer decision paradigm with the following categories that consumers often go through in their decision process, then an organization's processes can be related to consumers' decisions. The following categories are the consumer decision processes: awareness, interest, desire, decision action, and reinforcement. The first category is awareness of the existence of a particular product and limited knowledge of its attributes. Interest happens when a consumer seeks out more detailed knowledge of the products and the benefits that are acquired. Interest is the preference for the product and development of a favorable attitude and a distinct image is a direct result of this process. Desire is the consumer's appraisal of the product's merit and is made through an actual trial of the product. If it is perceived to meet the individual's needs better than the alternative offerings, then there is a desire or an intent to purchase the actual product. The decision action is a combination of the processes that the consumer has made and the product at this point is purchased or rejected. Reinforcement for the consumer is when there is reassurance or confirmation that the decision that has been made is logical. This is where the decision process is consolidated into long-term loyalty. It should be recognized that this type of modeling and purchase decision is usually a combination of the process that starts long before an actual purchase is made and continues long after the initial purchase is made. It is the gridding of the sponsorship and decision systems that will allow the understanding of the adoption and diffusion process between the client or consumer.

RESULTS

Contextual Analysis

The data in this section were a result of a contextual analysis. This contextual analysis was deductive in relation to the development of an understanding of the perspective of the NASCAR environment. This is similar to a popular culture approach where understanding the perspective or context in relating the events to theory on a developmental line is essential to understanding the system of NASCAR and how the pieces fit together.

NASCAR is growing in popularity, especially in the number of spectators and the interest of the media: television, radio, and print media (40, 71). It is developing from a regional to a national sport in its evolutionary developmental cycle (4, 37, 68, 83, 90). The initial popular movement was focused around country and western music (65). Today there is a great demand for tracks and events around the country that cannot be served at the present time.

Traditionally, NASCAR has been viewed as uniquely American/United States and represented the auto industry of Ford, Chevy, and Chrysler, even though Chrysler is not as actively involved in the sport. There is a great degree of patriotism and independence that is associated with the American culture represented in NASCAR racing. These themes have been expressed in terms of competition and family values (89, 103).
They have contributed to the popularization of NASCAR, especially during times when the United States of America had an identity crisis (69). In fact, fans of NASCAR are so loyal and identified with the sponsor’s product that the rate at which fans buy the products is double other sports fans. The sponsors that support NASCAR can expect a very loyal fan base that directly translates to sales (49, 58, 83, 84, 103). This type of fan loyalty has existed within the sport since its inception.

Currently, NASCAR is the only example of successful single entity theory of sport ownership. Other sports have tried single entity theory but have not been as successful as NASCAR (16). The key ingredient to the success of single entity theory within NASCAR has been cooperation among the elemental structures to achieve goals of all the segments, even though there have been periods of turmoil. These cooperative relationships have been accomplished under the direction of the Francis family. These individuals envisioned the potential in a uniquely American sport. They have cultivated the love affair that the American public has had with the automobile since its invention (69, 83).

NASCAR, in recent years, may be one of the primary factors that have helped Detroit regain its position as a world leader in the auto market (56). The sport has evolved through the moonshine era to its low-tech period of dirt tracks and to its high-tech period of super speedways (27). The NASCAR organization has provided the guiding leadership through each of these periods, with the cooperation of the structural elements, to develop a high-tech sport that has appeal to the American public (72, 102). The Francis family and NASCAR, through single entity theory, have created an environment for the development of this sport. This environment has not changed its basic identity, only the form and format. The sport has not changed but the American public has come to recognize NASCAR’s entertainment value, and the drivers are being recognized as American folk heroes (117). The goal is still the same, to see who has the fastest car, and who has the bragging rights to tell others "they're the best". Substantial changes have occurred in the degree of technology and the speeds that can be achieved and the ability of the driver to utilize that speed to compete with other individuals on a variety of tracks that have different characteristics (27).

The general cycle of NASCAR is that races begin in mid-February and continue through the spring, summer, and fall, stopping at various locations, primarily in the Eastern United States (52, 90). During the first couple of weeks before the first race in Daytona, promotional activities take place in relation to the sponsors. This is a very active time in tuning the cars and the sponsors and implementing the plans for the race season. The season ends in November and the preceding month is used to debrief the race teams and sponsors. In December, there is a promotional effort to reward old sponsors and identify new ones at the awards ceremony (24). This event is for celebrating the old sponsors and for attracting new ones. The plans for restructuring the new year are formulated. After the awards ceremony, in January and early February, the new structure for the season is modified based upon the changes established in the December meeting. The primary change is in sponsorship and the support structure to find new venues and locations to develop the popularity of the sport. These changes filter through the system to the merchandisers and fans when the structure has been established (87, 88).
Historical Analysis

The basis of this analysis was to provide a time sequence of events that will better help understand the nature of the structure in NASCAR and its evolution.

Historical roots of NASCAR originated wherever individuals wanted to test speed and machine on a comparative basis, especially in the mountain communities of the rural South. The purpose of these initial races, not formally on tracks but on the mountain roads, was based upon establishing who had the fastest cars in which to run moonshine (27, 43, 83, 90, 99). There was fierce pride and competition to establishing ones bragging rights of having the fastest car and being able to outrun the revenuers to move the moonshine from the rural South to the urban areas. With the advent and destruction of prohibition, there was less emphasis on making moonshine. The tradition of racing cars was not lost and it was formalized into the dirt tracks and became a pastime of the rural culture in the South (27). This does not suggest that moonshine was not still made, nor that it is not made today, but the distribution network of using cars was less prominent during that period of time.

A misconception is that NASCAR racing was and is only associated with low income, but, in fact, it has its roots in all socio-economic classes (18, 118). It must be realized that racing is very closely tied to hunting and fishing, which are two traditional sports that are participated in in rural areas, especially in the South (90, 118). Business has been and is conducted in hunting and fishing camps in rural areas (53).

The modern era of stock car racing has its origin in Daytona, Florida, with the Francis family, and other families such as the Murchinsons, who helped structure the basic foundations of NASCAR (2, 27, 99, 118, 119). These efforts were critical to establishing the standards and license procedures that were needed to standardize the sport. Single entity theory was established as the basic structure of NASCAR, with the Francis family as the controller and owners. The initial cooperative framework was established and relationships encouraged so that the local structure could be collaboratively supported to allow each event to control its own destiny (3). The concept of track ownership in terms of public stock offerings, sponsorship concepts in relation to drivers and the public, and other elements were the support network that allowed NASCAR to be a successful venture.

In the next phase, the foundations of the old establishment were formed. This is a period when the standards and the sanctioning process were formulated into the modern rules (27, 99). This is the period of the construction of longer tracks and an increase of popularity based upon the nature of racing enthusiasts. This is when the racing purists dominated and it was possible for the amateur enthusiast to build a car with hard work and win with excellent driving (27). Sponsorship flourished during this era because sponsors recognized the loyalty and dedication of the fans in purchasing the products that sponsored their race (56). This was the nostalgic era of racing and during this time racing became a very popular regional sport. Values of the Southern region assumed the characteristic of this sport which were: independence, hard work, American work ethic, patriotism, conservatism, and well-founded faith in God and religion.
In this period, a new establishment becomes interested in NASCAR because of its popularity and because it is good business (35, 64, 95). This is the era of the modern tracks and the expansion phase of NASCAR (106). Demand has far exceeded the supply for tracks as well as races (85, 110). In the past, television was not an integral part of the sport. Many of the entertainment executives have recognized NASCAR as a major sport for promotion and sponsorship. In the beginning of NASCAR, television recognition was difficult to obtain and air time had to be purchased. The popularity of NASCAR has increased and, as a result, there are new opportunities and more individuals wanting to become part of the mix in order to profit from the sport (46, 114).

The same structure that made NASCAR a success is still in place but the primary question is "Can the growth be controlled and will the new establishment change the mix in a way to alter the popularity of the sport?" (13, 36, 60, 92). The new focus is on fan interests and the development of new events and tracks in order to accommodate the national interests of the sport (6, 11, 12, 48, 86). There is also an international interest but there is more demand in the U.S. than can be accommodated (110). It is difficult to justify international ventures, even though sponsors would be interested in using NASCAR to globalize their markets (79).

Content Analysis

A content analysis was used to identify major structural elements. The media was reviewed to identify the basic nature of relationships and a panel was established to discuss these issues once the content analysis was completed. This data formed a basis for the development of a network for the analysis of the structure. Interviews with NASCAR enthusiasts were used once the initial structure had been determined to define and validate the model.

The focus of this study was the Winston Cup Series because it is the most important and prestigious of all the NASCAR racing circuits. There are six structural groups with functional elements identified that are important to understanding NASCAR: the NASCAR (owners/controllers), racing teams and car owners, drivers, merchandisers, sponsors, fans, and media (Figure 1). It was important to identify a basic typology for each of these structural and functional dimensions so that the importance of relationships could be determined. These relationships are important to understanding structure and function and their influence upon doing business in the NASCAR industry and NASCAR's position in society (76). Those who sponsor a race, a car, or own a track are some of the major actors that help in the structure and development of the sport. Even though the major actors change within each season and race circuit, the '95 and '96 Winston Cup seasons were being used as a case study to develop a typology that can be used to analyze the racing circuits as well as the events associated with NASCAR (7). By only examining the major actors, some of the nuances and specialties that relate to specifics were lost. It is recognized that each race is a unique event itself with national, as well as local sponsors. Each of the race communities has an identity and is a microcosm of the larger NASCAR structure (36).

The first category of actors to be analyzed was the NASCAR (owners/controllers). The primary actors in this group are the Francis family, owners of NASCAR. Other
major actors in this group are investors and track owners who move in the inner circle of NASCAR, helping in the formulation of policy and operation of this enterprise (78, 83, 93, 99). The controllers or power brokers set the agenda for NASCAR operations. The power is absolute because without this group's approval to a track or licensure of a product, the venture's success will be compromised.

The reason for justification given for the absolute power is that a controlling body has to set the rules on a fair basis without undue influence. The other reason given is that the proper environment must be set and controlled in order to insure a quality product of even competition. The organization's basic focus is the sport and developing an environment in which this can be achieved. This is the positive end of control and regulation. The negative end of control and regulation is that variance with the organization is not tolerated. There have been two major labor disputes. Both disputes have been crushed through the absolute power of the organization. This has caused hard feelings, but the organization has survived. This type of move has also been seen in dealing with sponsors. Firestone and Chrysler were lost because of differences in viewpoint with the owners and controllers of NASCAR. The absolute power of single entity theory has both positive and negative aspects. The tenaciousness of the absolute power of the organizers of NASCAR is what has allowed NASCAR to compete with the many other organizations and has allowed it to prosper. This does not suggest that NASCAR is operated in a dictatorial fashion. It suggests that when control is exercised, there are both positive and negative benefits. Ego is an important factor because when it is combined with the power and authority of decisions there can be more negative than positive benefits, especially in a single entity theory. If there are more negatives than positives, usually the structure is eventually changed, especially through very active labor disputes. This currently is the dilemma in Indy car (IRL and CART). What has made NASCAR the success it is today is because of the cooperation among all actors. Each actor has a role and there is mutual respect and a common goal to develop a spectator show for the fans and the sponsors. This does not suggest that there are not differences, but those differences are resolved with a non-adversarial approach.

A framework to analyze the NASCAR (owners/controllers) is one developed by Gaylord that has five basic positions: single-focus purists, multi-focus purists, tradespersons, achievers, and promoters. At one end of the continuum is the single-focus purists whose primary concern is love of the sport. At the other end of the continuum is the promoter whose primary interests are money and doing business on sport. Until recently, most of the individuals in the inner circle of NASCAR were purists but with the popularity of NASCAR, many are beginning to realize NASCAR is good business (21). Promoters are becoming members of the inner circle and do not have a tradition with NASCAR, even though the greatest number of people within the inner circle are purists. NASCAR is family and the primary focus is development and popularity of NASCAR (21) (Figure 2).

The second group to be analyzed was the racing teams and car owners. These individuals have a strong power base because of their developmental position. In this group, egos are an important factor and competition to win and be the best is the primary emphasis. The focus of this group is racing. There is a tremendous love of motor sports within this group. Love of the sport is a
prerequisite to being a member of this group. Even though these individuals are not in control, they influence decisions because of trust and respect (20). The recent split in the Indy Car circuit shows the importance of the racing teams in the structure of the sport (60). They can take their product and put it in new venues and have a tremendous amount of impact, including bringing many of the sponsors with them. NASCAR has gone through these types of struggles twice in its history. Both times, they were controlled with absolute power by the Francis family. It is the quality of the racing and the character of the racing teams and car owners that contribute to the popularity of NASCAR. Pride and ego are two of the important elements in the development of the structure within the racing teams and car owners. This tradition is closely tied with success in wins as well as their style of racing. A typology that can be used to examine racing teams and car owners is one developed by Zanger which recognizes the following categories: ethicist, personnel, resource specialist, promoter, and business-is-business. This continuum is based on a concern for money, purpose, people, and philosophy. At the ethicist end of the continuum is a concern for sport and the heritage that develops a good philosophy and people who have a dedication and an unswerving involvement in the sport. In fact, involvement may be to the point of exclusion of all other factors in one's life. NASCAR racing is the primary priority in their life. Ethicists live, breathe, eat, and sleep NASCAR. At the other end of the continuum are the business-is-business people. These are the individuals who are the exploiters and their bottom line is winning at all costs with little thought given to heritage. Their primary emphasis is success to win because those who win the race on Sunday are likely to do business on Monday, especially in the showrooms of the car dealers (Figure 3).

The backbone of NASCAR is the racing teams and car owners and the drivers. This is the product of NASCAR. Without good quality racing in these two structures, NASCAR could not be effective and, in fact, would have no popularity beyond the motor sports world. This is indeed a product, therefore, it must be packaged and sold as any other element in the entertainment industry. The quality of this product can be directly related to the popularity of NASCAR. Of the two structures, the racing teams and car owners and the drivers, the drivers became folk heroes and are the primary product. The driver's basic focus is competition, like the race teams and car owners, with winning being the key element to success. Egos are also very important. As a result, there is status and position among drivers. Longevity and family lineage are important elements to success. As a result of the success, there is an establishment of order among the drivers. These individuals are gatekeepers for new drivers who wish to establish themselves on the circuit (3). Ability is important but not as important as earning their position within the establishment. A good classification system for characterization of the drivers is the Gaylord typology that recognizes the following categories: single-focus purists, multi-focused purists, romanticists/tradesmen, achievers, and promoters. On the single-focus purist end of the continuum are the racers/drivers who want to win for the satisfaction of competition. These individuals would race no matter what the dollars involved. They compete to achieve status. Most of the new drivers fall within this category. Many of the older established drivers who value heritage and have not been corrupted by money are in this category. At the other end
of the continuum are those drivers who seek to win because winning is only a stepping stone to fame, popularity, and money. If money was not present, these individuals would not be as successful or maybe would not even race and pursue other business endeavors. In this particular category are individuals who do business on NASCAR at all costs, even to the detriment of the sport. The drivers are a product and they are at the mercy of the racing teams, the merchandisers, the sponsors, and other individuals who want to package them for making money in a number of venues. The end product is a collaborative and cooperative effort to build a team with an image that can be utilized to make money (Figure 4).

The final element of the structure is the fan. Without the fan, NASCAR would be in the moonshine era trying to determine who had the fastest car for bragging rights. Fans are the mainstay of the NASCAR family and are cultivated from the NASCAR (controllers/owners) through the drivers (99). This is a cooperative effort and the fan is recognized as the essential ingredient to the success of the sport (74, 104, 105). The fan has greater accessibility to all aspects of the racing experience than in any other sport. The initial segmentation of fans is usually by driver, or at least by racing team and car owner. Another way of classifying fans is by car type, whether it is Chevy, Ford or Pontiac. There is also a breakdown of fans by their direct association with the sport through time. There are those who are historically based and those who are more contemporary fans. These types of fans still segregate themselves with drivers, with the older fans having a high degree of nostalgia about their association with racing. Another aspect of NASCAR is that many stereotype the sport as redneck. NASCAR cuts across all socio-economic classes and is truly a sport of race enthusiasts that are United States-based (22, 97, 109). There are many stereotypes about the NASCAR fan that need to be dispelled. A good characterization of fans can be obtained by combining the Howard and Crompton and Gaylord scales which include the following categories: awareness, interest, desire, reinforcement (50), tradesperson, multi-focused purists, and single-focused purists (upper end of Gaylord typology). This allows the characterization of fans based upon the amount of involvement, interest, or dedication to the sport (77). The spectrum of fans extends from those who hold NASCAR as a religion to those who just have a passing interest because of a social motivation. This modified typology is very important when it is correlated to sponsorship. This will help explain the high degree of loyalty that is directly associated with NASCAR fans (Figure 5).

The last three supportive elements (sponsors, merchandisers, and media) are on the periphery and are not the backbone of the sport. These are individuals who do business on the sport of NASCAR. Of these three elements, the most important is the sponsors because they have developed with the sport since its inception. The sponsors are the "money people" who often provide the motivation as well as the monetary support to popularize NASCAR. NASCAR is popularized through sponsor connections, and each element of the structure recognizes the importance of these connectors (55, 59, 61, 63, 96). One way of classifying sponsors is by the nature of the product, whether it is oil, gas, food, tobacco, alcohol, etc. Another way of classifying sponsors is by the nature of the sponsorship. One is a general sponsor who is active among all sport. The other is a regional sponsor who has a very limited interest focused in NASCAR. The center of this continuum would be structural sponsors that are
directly related to NASCAR such as Goodyear Tire, Champion, etc. This particular category of sponsorship is the structure of racing within the structure of NASCAR. Another way of classifying sponsorship is the longevity and its relationship with NASCAR. There are some sponsors that have been with NASCAR since its inception. These types of sponsors have developed very mature relationships. NASCAR understands their sponsors and develops collaborative/cooperative relationships with them in order to help maximize their investment. Those sponsors that are newer are less mature and have to have some type of evolutionary process in developing a relationship with NASCAR and learning how to do business with the specific clientele and fans of NASCAR (6, 7). Tobacco and alcohol are very aggressive sponsors with NASCAR because their products are extensively used or at least tolerated by the fans. This is an exception from other sport industries where these types of sponsorships are frowned upon. Therefore, this is a very aggressive media that can be used by tobacco and alcohol. A primary controller of these types of sponsorships is the U.S. government. The interaction between the U.S. government and NASCAR’s sponsorship from tobacco and alcohol will become very limiting and the nature of this sponsorship will be curtailed (121). NASCAR has been very beneficial for alcohol and tobacco which have limited sponsorship opportunities in other sports.

The best typology to be used in categorizing sponsors is one that was developed by Howard and Crompton. This is a typology that recognizes four categories: awareness, image, trial/opportunity, and hospitality. The nature of this typology recognizes the growth of sponsorship in the relationship to a sport and the sport’s ability to sell a product from increasing saturation to being an advocate for a product. The cost/benefit analysis in relation to each of the categories in the typology is extremely important because the return on investment is the primary concern of the sponsor. Sponsors are loyal but this relationship of cost/benefit must be well understood in order to cultivate and continue to develop innovative ways of helping the sponsors to sell their products. Sponsorship is an ever-changing scene as new objectives and new strategies are being developed to cope with change. It is important to recognize that NASCAR has and will continue to have most of the major sports sponsors because of the relationship between the fans and NASCAR and their loyalty (Figure 6).

Merchandisers are indirect bridges among the drivers, racing teams and car owners, sponsors, and fans. They are facilitators that are doing business on sports with memorabilia, travel and tourism, tickets, etc. Many times the drivers and the sponsors are the merchandisers and see merchandise as a promotion (26). Merchandisers are constantly changing and finding new ways to extract dollars from the fans. They are residual business individuals who represent the end of the chain of business and are specialized in understanding fan needs and desires and translating these desires into merchandise that is directly related to the NASCAR experience (66, 98). Local merchandisers represent small Mom and Pop operations in comparison to the sophisticated trailers owned by the sponsors of the sky boxes. Those near the bottom represent an indirect merchandising phenomena and those near the top represent more of a direct merchandising approach. Since the primary motivation is money and the nature of the sport, the obvious typology for characterizing merchandisers is a combination of the sponsorship typology by
Howard and Crompton and the lower half of the Gaylord typology. The following categories are then recognized and can be used to characterize merchandisers: awareness, image, opportunity, hospitality, romanticists/tradesmen, achievers, and promoters. The primary purpose of the merchandisers is stimulation and motivation and to fill gaps and develop new opportunities. NASCAR itself, with other co-promoters, has moved into restaurants, retail stores, computer games, etc. The gap that has been traditionally filled by smaller merchandisers is now beginning to reach the potential of the NASCAR organization. The potential in the future, in terms of change and innovation, comes from the merchandisers because they are the hustlers. They provide the necessary change from the bottom, just as the NASCAR controllers implement change from the top. Innovators at the bottom and innovators at the top means that there is a good balance and this balance has been achieved as there have been few impediments to innovation or change, especially from the bottom position (Figure 7).

The next component of the structure is the media. Media includes television, magazines, newspapers, radio, etc. The media in other sports has been the primary element of popularization (38). The nature of the media has been to popularize, especially through television and movies, an idea or a concept and to merchandise it. NASCAR in the formative years had a very difficult time proving its validity to the media (40, 62). In recent years, because of the immense popularity of NASCAR, especially Winston Cup, NASCAR is on all major networks as well as cable (e.g., ESPN, TNN, and TBS). One network that has embraced NASCAR is TNN. NASCAR’s popularity has come through the events themselves, as well as the sponsors, utilizing the drivers and cars in their ads. Because of the natural link between the sponsors and television, popularity of the sponsors has brought NASCAR into the mainstream of television (62). NASCAR is now beginning to use television, as well as radio and movies, as a form to develop new and different audiences, especially from a national perspective (45). There are many fans in different parts of the country who want the NASCAR experience but cannot get it because there is not a race near them. New tracks have been developed in Miami, Texas, Las Vegas, Orlando, etc. For example, the television media exposure can be measured by the saliency in the Nielson ratings. It is important for NASCAR to be able to demonstrate its entertainment value and its potential salability to convert sponsorship into sales (82, 101). Nielson ratings only reflect the popularity, not the conversion rate for the sponsors. This conversion must be well documented for the sponsors. Another factor is the sponsorship cost of major sporting events. NASCAR is reasonably priced and has a good cost/benefit ratio. These types of studies with the media are necessary in order to quantify benefits, costs, show the association to the sponsors not based upon raw Nielson ratings but upon sales, which is the strength of NASCAR. A classification system that applies to the media is one developed by Zanger which has the following categories: ethics, human capital, products and service, promoter, and business-is-business. The ethical end of the continuum has the freedom of speech and the media has a responsibility to the public to view NASCAR in a different perspective that is not influenced by the sponsors, NASCAR, or merchandisers. On the other end of the continuum are the business decisions made by the media regarding bottom line profits and serving as a vehicle for the popularization of the sport. NASCAR has established a good relation-
ship with its sponsors since they are the primary elements that drive the media. NASCAR has a bright future. The one problem is the tobacco and alcohol advertisements. Government and the general public will determine how to control this type of sponsorship. This may severely limit NASCAR because alcohol and tobacco are favored sponsors. This does not suggest that NASCAR cannot do without these two industries, but it may have to limit its advertising based on public demand. This limitation of advertising has already been surgically removed from the NASCAR game (Papyrus). The NASCAR computer game is very popular and is a high-tech form of entertainment. There is no alcohol or tobacco sponsorships in the game. The question that has been raised is: "Is there advertisement transfer to children of alcohol and tobacco when using the computer game and then developing an interest in NASCAR where these items are advertised?" (Figure 8).

CONCLUSIONS

The purpose of this article was to develop a framework to analyze the structure of NASCAR. The methodology used has been focused in order to identify structure and function of NASCAR to gain perspective of how business is conducted within this sport. A larger question being raised is "How important is structure and function and can it be generalized to other sport industries?" Sport industries are vastly different and it is not possible to characterize the structure and function of these industries to gain understanding. The finding in this initial investigation needs to be validated. Additional studies are needed to analyze the structure and function in order to determine the amount and direction of identified relationships. It is obvious that these initial typologies identified need to be refined.

Only through the studying of the structures and functions of the sport industry can the sport management move from an art to a science. The basic nature of the industry structures and functions determine what makes it a success and what will make it a success in the future. NASCAR is at a crossroads and the structures and functions have been established (57). NASCAR is an example of a successful single entity theory, but will it succeed with other sports? It has always been the nature of any demand curve that there is always a flattening of the popularity once its saturation point has been reached. NASCAR is no exception and there will be a downturn in demand. The primary question is, "What types of strategies need to be in place to ensure success in the future?" (54). This is a critical question about the future development and if left to chance, as in other sports, the nature of decline may be deadly.

REFERENCES


82. S. Nidetz, Camera Angles to Rev Up CBS' Daytona Coverage, *Chicago Tribune*, February 16, Sec. 4, p 5, 1996.


Figure 1

Structure

NASCAR

Racing Teams and Car Owners

Drivers

Merchandisers

Fans

Sponsors

Media
### NASCAR (Owners/Controllers/Regulators)

<table>
<thead>
<tr>
<th>Categories</th>
<th>Love of Money</th>
<th>Ego/Pride</th>
<th>Sanction/Licensure</th>
<th>Tradition/Heritage</th>
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<tr>
<td>Purist</td>
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<tr>
<td>The only interest is NASCAR and maintaining its heritage.</td>
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<tr>
<td>Motor Sports Enthusiast</td>
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<tr>
<td>The importance is NASCAR and other motor sports and development of prestige within motor sports.</td>
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<tr>
<td>Tradesperson</td>
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<tr>
<td>The concern is competition and NASCAR as a product with the satisfaction of being associated with its success and popularity.</td>
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<tr>
<td>Achiever</td>
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<tr>
<td>The focus is accomplishments of NASCAR events and its associated recognition and monetary profits.</td>
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<tr>
<td>Developer/Producer/Promoter</td>
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<tr>
<td>The only interest is NASCAR as a vehicle of promotion and profit.</td>
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</table>
## Categories

**Ethicist**
Fundamentalist that believes in following rules and regulations to the letter. Operates from a moral position.

**Human Capital**
Humanist that values people as an organizational investment. The primary focus is upon intrinsic motivation.

**Resource Specialist**
Consumerist whose primary concern is the fan. They are interested in delivering a quality product/service on a cost effective basis.

**Promoter**
Promoter who is interested in developing a specific image for driver, racing team, car owner, or race that will generate sales for merchandisers or sponsors. The focus is upon competition and popularity of NASCAR.

**Business is Business**
Business person whose interest is success at all costs because good position means sales and profits. Rules are exploited to their limit and beyond, at the risk of losing position.

### Variables

<table>
<thead>
<tr>
<th></th>
<th>Love of Money</th>
<th>Ego/Pride</th>
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<th>Tradition/Heritage</th>
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<td>Promoter</td>
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<tr>
<td>Business is Business</td>
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Figure 4

Drivers

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<th>Variables</th>
<th>Love of Money</th>
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<th>Heritage/Tradition</th>
<th>Competition</th>
<th>Success/Winning</th>
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</table>

Categories

Purist
Would drive on the NASCAR circuit, even if no money or popularity involved. Grounded in tradition of competition.

Motor Sports Enthusiast
Loves participation in motor sports and NASCAR best venue. Will race NASCAR as long as it provides high level competition and success.

Tradesperson
Races only in NASCAR because of financial viability or good chance of success and popularity.

Achievers
Winning primary goal. Attracted by popularity of sport, especially for self gratification and esteem.

Promoter
NASCAR is the way for achievement of fame and fortune. Heavily involved in self perpetuation.
Figure 5

Fan

<table>
<thead>
<tr>
<th>Variables</th>
<th>Love of Money</th>
<th>Tradition/Heritage</th>
<th>Knowledge</th>
<th>Loyalty</th>
</tr>
</thead>
</table>

**Categories**

**Awareness**
- Exposed to NASCAR because of social connections or media.
- Passing interest.

**Interest**
- Develops interest in NASCAR.
- Seeks information. Growing interest.

**Desire**
- Participates in NASCAR events.
- Seeks out NASCAR events.
- Consolidation of interest.

**Decision**
- Involvement in NASCAR. Willing to identify with NASCAR or driver.

**Reinforcement**
- Repeated participation in NASCAR events. Uses NASCAR products.

**Tradeperson**
- Participates frequently in NASCAR.
- Will argue on behalf of NASCAR or driver. Emotional response.

**Achiever**
- Participates in NASCAR on several dimensions. Consumed by sport.

**Promoter**
- Participates in NASCAR events.
- It is a religious experience. Goes from consumer to NASCAR advocate.
Figure 6

Sponsors

<table>
<thead>
<tr>
<th>Variables</th>
<th>Love of Money</th>
<th>Ego/ Pride</th>
<th>Tradition/ Heritage</th>
<th>Loyalty</th>
<th>Sales</th>
<th>Power</th>
</tr>
</thead>
</table>

**Categories**

**Awareness**

Introduction of new products or brands to NASCAR markets.

**Image**

Builds image and develops brand names in NASCAR markets.

**Opportunity**

Promotion to increase sales including both customers as well as distributors. Incentives provided, especially for on site sales opportunities.

**Hospitality**

Developing relationship with customers, distributors, and employees through long term commitments, especially through incentive opportunities.
Figure 7

Merchandisers

<table>
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<td>Desire</td>
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<tr>
<td>Decision</td>
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<td></td>
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<tr>
<td>Reinforcement</td>
<td>Full-time mobile trailer business sanctioned by NASCAR for drivers and sponsors at race and non-race events.</td>
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<tr>
<td>Tradesperson</td>
<td>A store front with one section of licensed discount NASCAR merchandise. Licensure is usually held by a wholesaler and products are limited and seasonal.</td>
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</tr>
<tr>
<td>Achiever</td>
<td>Retail department stores who specialize in sport merchandise, especially NASCAR (direct licensure). Product selection is wide and on a year-round basis. Store fronts may not be recognized by NASCAR fans.</td>
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</tr>
</tbody>
</table>
Promoter - Level One
Specialty NASCAR shops, restaurants, raceways, etc. Independent business operators not sanctioned by NASCAR. Works directly with wholesalers as well as manufacturers who have a licensed product. Some souvenirs and other merchandise obtained through non-licensure process.

Promoter - Level Two
Restaurants, shops, raceways, games that are directly licensed by NASCAR. Utilize the NASCAR name and the official NASCAR licensure to build profits.

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<tbody>
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<td>NASCAR</td>
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Figure 8

Media

Variables

<table>
<thead>
<tr>
<th>Love of Money</th>
<th>Investig</th>
<th>Story Telling</th>
<th>Circulation</th>
<th>Loyalty</th>
</tr>
</thead>
</table>

Categories

Ethicists
Media that are directly controlled by NASCAR for promotion of NASCAR, drivers, or racing teams. Provides promotional pieces for commercial media.

Human Capital
Sports media who have an affinity for NASCAR. NASCAR is good business for development of readership or audience-based programming. The allegiance is to sports and to report the sport story as a commentator and provide perspective and insight to the fan.

Resource Specialists
Media that reports the NASCAR story because of their love of the sport and their direct association. Two media forms: (1) specialized or (2) popular. The specialized media are the technical aspects of racing. The popular media are designed to report on the drivers and keep the NASCAR fanage informed. Media has a loyalty to NASCAR but they also have a responsibility to report or present the story as a reporter.

Promotion
Media that provides commercials and infomercials for sponsorship promotion. Promotions are focused upon the driver and racing teams and car owners and their product association.
Business is Business
National media that reports the NASCAR story as the breaking news at the national level. Sports are only a part of the coverage and their focus is objectivity. Media represents First Amendment Rights and is an investigative element to find the true NASCAR story.