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DALE EARNHARDT: MERCHANDISING OF A NASCAR ICON

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ABSTRACT

Dale Earnhardt's death provided an opportunity to examine the merchandiser phenomena in the sport of NASCAR racing. When Dale Earnhardt died, buyers and sellers were exchanging memorabilia at an unprecedented rate. The price of his memorabilia escalated significantly after his death. The purpose of this study was to examine the price fluctuation of selected memorabilia over a one year period. Results indicated that prices fluctuated dramatically, especially by type of merchandise and where the merchandise was sold. The prices stabilized and shifted dramatically based upon significant events.

INTRODUCTION

Dale Earnhardt's death has provided a research opportunity to examine the role of merchandisers in the development of the secondary market within NASCAR (30).

Dale Earnhardt was a NASCAR icon and the outpouring of loyalty following his death exceeded all expectations. The phenomena was similar to the death of Elvis Presley in the outpouring of sympathy and loyalty for this icon (13). The Dale Earnhardt estate earned \$20 million for the year (12). This is the third largest outpouring of sentiment, following Elvis Presley and Charles Schultz.

Earnhardt, in death, is generating more commerce than the legacies of Mickey Mantle and Joe DiMaggio, two other recently deceased sports heroes whose popularity was considered vastly more universal and mainstream. Sales of Earnhardt memorabilia also appear to challenge or exceed those for Princess Diana, and perhaps only the estate of Elvis Presley will be able to outrun this final charge by The Intimidator (31; pp. 1).

Another indicator of Dale Earnhardt's popularity was when television programs cover-

ing his life and times were aired. In fact, the ESPN airings were some of the highest ratings in the network's history.

ESPN2 had record ratings on Sunday (Feb. 18), the day of the Daytona 500, when its "RPM 2Night" show was seen by more people than any regularly scheduled program in the network's history. The show was watched by an average of 1,611,000 households based on a 2.15 rating. The only ESPN2 show with a bigger audience was the conclusion of a rain-delayed NASCAR Winston Cup race that began on ESPN Sept. 3, 2000. In addition, ESPN2's "RPM 2Night" Feb. 18, 19 and 20 rank as the top three highest ratings and biggest household audiences among ESPN2 news shows. The ratings were 2.15, 1.71 and 1.58. ESPN2's "RPM 2Day," a weekly show that airs every Sunday morning during the racing season, experienced its highest rating and household viewership ever on Feb. 25, a 1.57 rating and 1,174,000 homes. ESPN's "Up Close" on Monday (Feb. 19), which reviews the late Dale Earnhardt's career, was the show's second highest rated edition since July 11, 2000, when Henry Aaron was the guest (7; pp. 1).

The number of items that appeared on e-bay was 30,000 within a few hours of his death. The prices for the items were very erratic and were very significant in relation to the prices before his death. In some instances, the price was astronomical and represented a 15 or 20 fold increase.

Fans of Earnhardt rushed to the Internet to find memorabilia of the racing legend. By Monday afternoon, there were 32,000 Earnhardt items up for sale on E-bay. You could have ac-

quired everything from key rings to one of his helmets to newspapers with reports of his tragic death. The vast majority of these items appeared on E-bay within hours of his death. Meanwhile, Sterling Marlin had to close down his Internet site after fans started accusing him of killing Earnhardt and made death threats vs. the driver (2; pp. 1).

The prices for the memorabilia were quite unexpected and very high.

The Internet has only increased the speed at which the value of Earnhardt merchandise has risen. More than 30,000 Earnhardt items were on sale by Monday morning. Examples of the rising value of merchandise include a Dale Earnhardt lampshade, which rose from \$2.50 Sunday morning to \$51 on Monday; a NASCAR jacket bearing Earnhardt's name, which opened last Wednesday at \$20 and closed at \$255; a Dale Earnhardt model car, which opened at \$1 on February 12 and closed at \$465 Monday afternoon; and a Dale Earnhardt leather baseball cap, which opened at \$1.25 on February 12 and closed on Monday at \$400. a search for "Dale Earnhardt" on eBay this morning revealed 86,971 items for sale (3; pp. 1).

No one within NASCAR, the media, or those close to Dale Earnhardt had any idea of his popularity or the loyalty garnished by NASCAR fans (14). His death had a society-wide effect and may have set the stage for the increased popularity of NASCAR because individuals began to realize the importance and power of the sport (31). The purpose of this manuscript was not to examine the "star" status of Dale Earnhardt, but to examine the phenomena of the sale of his

merchandise as a result of his death and its associated differences in value.

There is little known about the merchandiser in relation to NASCAR and, in fact, most of motorsports (5, 11). The primary merchandise market is very clear, especially in terms of sanctioned products provided by NASCAR and its drivers. Once these items move into the secondary market they take on new value, and change based upon supply and demand. The primary question is what adds value in the secondary market to increase the dollar value of the merchandise (25, 26). Part of this, no doubt, is the association with the driver and his/her popularity. Both the primary and secondary market of merchandise directly depends upon the nature of the product. The primary market includes such items as die cast cars, t-shirts, etc., that are licensed products that have an official connection with the driver and NASCAR. The value of these items, in the primary market, is obviously based upon price set by manufacturers. Once these items are officially sanctioned by NASCAR and move into the secondary market, their value changes significantly (26, 27). The value is based upon the popularity or demand for the item. There are individuals in the secondary market who know how to increase product value based upon popularity and product supply (1, 14). The non-official licensed merchandise is a secondary market that includes such items as sheet metal, tires, etc. These are items that are associated with NASCAR and have been developed into souvenirs by individual merchandisers who know how to develop products based upon fan loyalty. Many of these are personal items or have some type of connection with a driver. Their value is set by the secondary market because there is no primary product on which to set a price. The price is established by the market and value can be added, such as rarity of the item or signature of the

driver (10, 16). Merchandise pricing in the primary market is complicated but the secondary market is more complex because of the value added concept. There is more profit in the secondary market than in the primary market.

This complexity in the primary and secondary markets can be explained by the laws of supply and demand. If the demand is high and the supply is limited, the price is set by the demand. Where the supply is high and the demand is limited, the supply sets the price. In the primary market, with the licensed merchandise, this may be a good explanation. In the secondary market, the prices vary dramatic and, in fact, they really have little to do with the law of supply and demand. Prices seem to be more related to the value assigned by individuals no matter what the supply or demand. Value in this sense is directly associated with each fan and the desire or loyalty to a particular driver (22). The problem with trying to understand these primary and secondary markets and what factors influence them is that each of the pieces of memorabilia creates a very personal experience to the buyer. They have bought the memorabilia based not upon the value of the memorabilia but upon some type of nostalgic element (21, 28). The amount that they paid for this particular piece of memorabilia is only an opportunity to acquire a representation of the driver that they admire. Often, these drivers are like one of the family and are followed through a lifetime. The individual vicariously lives through these drivers. Many times one cannot put a price on the value of the memorabilia because the piece represents an experience at a race with their favorite driver or some other similar type of experience. Memorabilia are souvenirs that have a recurring effect through memories about the individual (11). As the memories become deep-seated, the value of the piece of memorabilia

becomes more important. In addition to the personal nature of a piece of memorabilia, there is also a mass audience appeal. It represents a status among collectors and this is identified as a group process (23). This group process is an outpouring, or an identification with other individuals who have the same types of personal experiences. These group processes are extremely important because individuals can recognize others, through their hats, t-shirts, etc., who have had similar personal experiences. These group processes are bonding and add strength to the nature of the memorabilia, as well as direct experiences with the drivers.

Superimposed upon the personal and group aspects of memorabilia is the merchandisers in the primary and secondary markets. Their primary purpose is to acquire merchandise that has value, especially in the secondary market, to the collectors and to provide a vehicle on for fans to obtain this memorabilia. As NASCAR has become more popular, it is increasingly difficult to obtain personal items of memorabilia (9). Therefore, the merchandiser is the intermediary, often between the fan and the memorabilia. Merchandisers come from all levels, from Action Performance, Inc., which is a large corporation, to "Mom-and-Pop" operations which sell the primary and secondary merchandise in stores and at flea markets. It is this network that has not been explored because these merchandisers are hidden in the infrastructure of NASCAR (8, 19). It has been difficult to study this phenomena of merchandisers with any degree of assurance that there is a competitive market and to understand pricing. Many of the smaller merchandisers may produce unique products that are not licensed by NASCAR and, therefore, confound this idea of memorabilia. The primary purpose of all the merchandisers, whether large or small, is to add value, especially in the secondary market by

an autograph or a special item that has a personal identity to the driver that is unique (4, 18).

Dale Earnhardt's death provided an opportunity to view this phenomena of merchandisers and memorabilia and to establish a descriptive handle on the nature of value and price as it is associated with certain memorabilia items (10, 24). Based upon his death, all merchandisers were in a sell mode in order to capture the moment and commercialize on the memorabilia that they had in stock. The buyers of memorabilia were in a buy mode as they viewed the buying and collection of this memorabilia as one of the last opportunities to acquire a souvenir of their favorite driver. This is a condition in which buyers were in the mode to acquire and sellers were motivated to release items that they had and saw this as a possible last opportunity to profit on this experience of selling Dale Earnhardt memorabilia.

The purpose of this project was to examine, on a longitudinal basis over a year, the acquisition of Dale Earnhardt memorabilia after his death. The focus was to track the prices on certain pieces of memorabilia and to descriptively determine who some of these merchandisers were and the influence of a significant event upon price in the memorabilia marketplace.

METHODS

The best location to understanding merchandisers may be with the internet site, e-bay, because it is a marketplace where buyer meets seller and the price is set on the basis of bidding. E-bay is seen as the primary source of information. This may be the primary market for secondary merchandisers of the medium to small size. In addition to e-bay, some of the other venues for merchan-

disers are the internet sellers who represent larger operations. Other merchandisers are those who operate NASCAR retail shops. At the races, merchandise is sold at the trailers and flea markets just off the track grounds. There are other merchandising venues, but these are the primary ones that were selected to study prices of memorabilia.

One of the primary problems with this analysis was establishing a baseline for prices of merchandise (17). There were two methods used to baseline merchandise selected for study. One was the use of a value guide published in the year 2000, a year before Dale Earnhardt died (15). The other information used was prices on merchandise on E-bay two weeks prior to Dale Earnhardt's death. These two sources were used as a guide for the items selected to study. The items baselined were compared with each other and a common standard price set to determine variations from this baseline or standard. E-bay was the primary source used, when there were differences.

It was decided that the study would continue until the prices stabilized on a longitudinal basis. The study was conducted over a year and three months from the time of Dale Earnhardt's death. It was debated whether the prices would ever be near baseline again. The stabilization of prices, in this context, meant that the prices were the same for a three-month period.

Die cast cars were used in the study because they are the most collected item, especially the 1/24 scale. The items selected were: 2000 die casts which represented items that were the most collectible (preferred items). In addition, Oreo t-shirt and hat prices were tracked, as well as Sun Drop soft drink bottles. These were items that had less desirability of collection and represented a non-

preferred category (common items). The other items tracked were 2000 and 2001 Bud Shoot Out die cast cars. These rare or elite items represented small numbers or one-of-a-kind (elite or rare items).

An index was built to measure the price for comparison. The baseline price for each item was compared with the current price. This index represented a ratio of current price to baseline price. This was an intuitive number that gave an indication of multiples about what the current price was in comparison to the baseline price.

There were at two items selected for each category and the index scores were averaged and the mean score was reported. This gives a relative indication of the change in price of the items by category.

The study was divided into time periods based upon the significant changes in price of items. The first period where prices stabilized after Earnhardt's death was at the end of March. Therefore, the first period was February/March. The other time periods were at three month intervals until the first anniversary of his death. During the months of January and February the prices were changing because of the anniversary of his death. After February the prices stabilized in March and April. Data was sampled continuously for E-bay in February and March of his death and January and February after his death. Prices were sampled during the other months on 10 random days per month. The same pattern of checking prices were used for the internet and NASCAR shops. NASCAR and internet shops were selected on the basis of volume of business. Trailers and flea markets at the race were checked once a month during race months.

RESULTS

It was apparent, especially from E-bay, that within two hours of Dale Earnhardt's death prices started rising significantly. The number and type of items that appeared on line was astounding. There were over 30,000 items of Dale Earnhardt memorabilia. This was an indicator of the flurry of activity that occurred right after Earnhardt's death and the immediate response of the merchandisers to this occurrence. It should also be noted that supply and demand did have an effect upon the prices. When Dale Earnhardt died, there was a limited supply of souvenirs. As the supply caught up with the demand, the prices tended to mediate. It was difficult to factor in the influence of supply and demand upon price during that period of time. This was one of the limitations of the study.

Comparisons were made for E-bay for common, prized, and elite items. The common items during the eight-week period following Dale Earnhardt's death had an index of 2.0 (see Figure 1). This slowly declined to an index value of 1.30 at the end of the study period. For the prized items during the eight-week period, it was 2.2 and it declined to a 1.9 index at the end of the study period. The elite items were 2.5 and it declined to an index value of 2.1. For each of the items there was a slow decrease in the index values of the items with a short spike in October, November, December (2001) and at the one-year anniversary of Dale Earnhardt's death (2002).

When the NASCAR shop comparisons were made, the common items had an index of 1.5 to a low of 1.2 at the end of the study period. (See Figure 1) The prized items had a high of 1.6 during the eight-week period following Dale Earnhardt's death, to a low of 1.3 at the end of the study period. The elite

items had a high of 2.0 and a low of 1.9 at the end of the study period. There were two spikes in values of the index; one at the end of the NASCAR season and one at the first anniversary of Dale Earnhardt's death for the common and prized items. The elite items remained relatively the same during the time period.

When comparisons were made with the trailers, the common items and the prized items remained the same during each of the time periods. (See Figure 1) There were not enough elite items at the trailers to do a comparison.

Comparison was made of the internet shops during the eight-week period following Dale Earnhardt's death for the common items. (See Figure 1) It was a high of 1.6 and a low value of 1.3 at the end of the study period. For the prized items, it was a high of 1.8 during the eight-week period following Dale Earnhardt's death to a low of 1.3 at the end of the study period. For the elite items, there was a high of 2.1 to a low of 1.9 at the end of the study period. There were two spikes: one at the end of the NASCAR season and at the anniversary of Dale Earnhardt's death. The elite items remained the same at the internet shops during the entire study period.

Comparisons were made of the flea market for common items, prized items, and elite items. The common items, at the end of the eight-week period, had an index value of 2.1 and a low value of 1.7 at the end of the study period. (See Figure 1) For the prized items during the eight weeks following Dale Earnhardt's death, the average index was 2.4 and at the end of the study period, a low of 1.5. The elite items at the flea market had a value of 2.6 at the end of the eight-week period and it had a low of 1.9 at the end of the study period. There were two spikes in the

index for the common and prized items, at the end of the NASCAR season and at the anniversary of his death. The elite items fluctuated dramatically, but after the eight-week period it remained relatively stable.

CONCLUSIONS

There is little doubt that Dale Earnhardt had a profound influence upon memorabilia and its price. The eight weeks following his death were a time in which merchandisers were very active at all levels. Prices fluctuated widely and there were many different types of products on the market that were not available during any ordinary period of time. Many individuals were saving these items for Earnhardt's retirement, but none expected his death. They started to commercialize for profit from his death, especially with such a demand and outpouring of emotion and desire to purchase the products. This study in no way suggests that merchandisers profited on Dale Earnhardt's death, but it is only an opportunity for the exchange between buyers and sellers. Most buyers and sellers were very happy in this exchange as they were able to get merchandise and this merchandise helped them deal with their bereavement. This was an excellent opportunity for taking a look at the infrastructure of the merchandisers within NASCAR. Currently, the spectrum of merchandisers that exists is extremely competitive. The common products can be pro-

duced and this production will mediate price. As items become prized or elite, then this is where value is added; and value is added as the demand goes up and additional supply cannot be provided. The success of merchandisers directly depends upon understanding the client and how to add value in the secondary market. This value can be developed by creating an exclusive number of items, by adding autographs, and development of merchandise that has some type of relationship to the fans' experience. The purpose of this project was to examine the change in value of merchandise, based upon a critical incident such as Dale Earnhardt's death. In some of the cases, the increase in value was extreme, but most could be expected and was within a reasonable range. This does not suggest that there were some incredible incidents like the stealing of Coke machines, the stealing of one-of-a-kind items, etc. Only by studying these kinds of circumstances will the merchandising value be understood and be compared so that some type of perspective can be obtained, especially in future incidents. If these opportunities are not taken, they are lost. There is a loss of a research perspective that can help understanding merchandise in both the primary and secondary markets. Every incident that occurs and creates value must be understood so that these numbers can be baselines to explain the process of the primary and secondary markets within NASCAR.

Figure 1

	Feb. March	April May June	July Aug. Sept.	Oct. Nov. Dec.	Jan.	Feb.	March April
e-bay							
Common	2.0	1.8	1.5	1.8	1.3	1.8	1.3
Prized	2.2	2.0	2.0	2.2	1.8	2.0	1.9
Elite	2.5	2.4	2.4	2.5	2.1	2.3	2.1
NASCAR							
Common	1.5	1.2	1.1	1.3	1.1	1.6	1.2
Prized	1.6	1.3	1.1	1.4	1.1	1.7	1.3
Elite	2.0	1.9	2.0	1.9	1.9	2.1	1.9
Trailers							
Common	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Prized	1.2	1.2	1.2	1.2	1.2	1.2	1.2
Elite	--	--	--	--	--	--	--
Internet Shops							
Common	1.6	1.3	1.2	1.5	1.3	1.5	1.3
Prized	1.8	1.7	1.5	1.6	1.5	1.4	1.3
Elite	2.1	2.0	1.9	2.0	2.0	2.1	1.9
Flea Market							
Common	2.1	1.6	1.5	1.5	2.0	1.9	1.7
Prized	2.4	1.8	1.5	1.5	2.2	2.0	1.5
Elite	2.6	2.0	1.8	1.7	2.1	2.4	1.9

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