

Formula One sponsors apply brakes

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Sponsorship of Formula One motor racing teams this year is down \$115m on last year as the downturn dents commercial interest in the sport.

According to data compiled by Formula Money, F1's industry monitor, it is the biggest fall of the past five years.

The \$705m which the sport's 12 teams will receive from sponsorship in 2010 is also the lowest total take in the past five years.

The slump in F1's sponsorship comes in spite of the sport's number of competing teams rising from 10 to 12 this year.

Four new teams – Lotus, Hispania Racing Team, Virgin and Sauber – were added to the roster, compensating for the loss of entries run by Toyota and BMW, which pulled out of the sport last year.

However, as the teams gear up for the Australian Grand Prix on Sunday, several have found the road to be rocky.

USF1, the US outfit, failed even to raise sufficient funds to take up its slot, forcing the Fédération Internationale de l'Automobile, F1's governing body, to reopen the tendering process for a new team to take it up next year.

The four teams that have made it into F1 have struggled to secure enough sponsorship to cover their budgets, which average \$64m.

HRT, whose participation was in doubt until a week before the start of the season, has so far managed to attract just \$500,000 in sponsorship, with \$32m coming from the team's owners and its two drivers, Karun Chandhok and Bruno Senna, nephew of three-time champion, the late Ayrton Senna.

Even Lotus, the best-sponsored of the fledgling outfits, is receiving an estimated \$35m from its owners, including Tony Fernandes, head of the Air Asia airline.

It puts the future of these teams in question, as economic fluctuations could jeopardise contributions from their owners.

Average sponsorship revenues per team have fallen 28.4% on 2009 to \$58.8m.

The drop was driven by the departure of several of the biggest-spending sponsors, including ING and Panasonic, who together spent \$125m annually.

Some existing sponsors have increased their spend, most notably Petronas and Santander, which will contribute \$55m and \$50m to Mercedes and Ferrari respectively.

However, few of the 29 new sponsors that have entered F1 are big spenders, and none are believed to be paying more than \$10m annually.

While the budgets of the smaller teams have been given the biggest dent in the sponsorship drought, in contrast, several of the top teams have enjoyed greater largesse.

The amount paid by the sponsors of Ferrari, which won this month's season-opening Bahrain Grand Prix, represents 35 per cent of total F1 team sponsorship revenues.

This year, Ferrari boosted its sponsorship tally to a record \$245m, thanks to Santander, the Spanish bank, which moved to Ferrari from rival McLaren.

Red Bull Racing, owned by the Austrian energy drink group, boosted its sponsorship after its best ever finish of second in the standings last year.

Its sponsorship tally rose by \$14.7m to \$32.2m as it was joined by brands including Pepe Jeans and FX broker FXDD.

But its biggest backer is still the Red Bull company itself, which pours in an estimated \$100m annually.

Fonte: Financial Times, London, Mar. 26th 2010, Companies, online.

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